EMTEL LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2021

EMTEL LIMITED

ANNUAL REPORT
31 DECEMBER 2021

CONTENTS **PAGES**

EMTEL LIMITED

COMPANY INFORMATION

DIRECTORS	**:**	Mr Bashirali A Currimjee Mr Anil C Currimjee *(also alternate Director to Mr Bashirali A Currimjee)* Mr Azim F Currimjee Mr M Iqbal Oozeer Mr Mazahir F E Adamjee Mr Pravin Surana *(resigned on 17 November 2021)* Mr Mukesh H Bhavnani *(appointed on 18 November 2021)* Mr Sarvjit Singh Dhillon
SECRETARY	**:**	Currimjee Secretaries Limited 38, Royal Street Port Louis REPUBLIC OF MAURITIUS
REGISTERED OFFICE	**:**	38, Royal Street Port Louis REPUBLIC OF MAURITIUS
AUDITOR	**:**	PricewaterhouseCoopers PWC Centre Avenue de Telfair, Telfair 80829, Moka REPUBLIC OF MAURITIUS
BANKERS	**:**	Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis REPUBLIC OF MAURITIUS Absa Bank (Mauritius) Limited Sir William Newton Street Port Louis REPUBLIC OF MAURITIUS SBM Bank (Mauritius) Ltd SBM Tower 1 Queen Elizabeth II Avenue Port Louis REPUBLIC OF MAURITIUS

DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report of Emtel Limited (the "Company") for the year ending 31 December 2021.

Principal Activity
The principal activity of the Company is the operation and provision of mobile telephony, fixed telephone, broadband and enterprise solutions to residential and corporate customers in the Republic of Mauritius, including Rodrigues & Agalega.

Review of the Business
The Company was impacted by a second lockdown as from March 2021 and borders were closed until September 2021. This situation resulted in a contraction in the economic activities and both our individual and business segments were highly impacted during this crisis period.

The Company's turnover has increased by 1.2% from last year to Rs 3,129 million in year 2021 (2020 – Rs 3,091 million). The data segment has experienced a growth thanks to our efforts in promoting data, our innovative offer and at the same time as a result of the increasing demand during the pandemic. The sales of devices has also registered an increase compared to last year. In contrast, the voice revenue continued to decline, as the subscribers prefer to use alternative means for communication. Roaming revenue has been highly impacted by the closure of the borders. This segment showed a positive trend when the borders re-opened in October 2021 but only to be dampened by the closure of the borders with South Africa following the Omicron outbreak and Mauritius being classified as a high risk by a few countries.

Impact of Covid 19
It is now clear that COVID-19 will remain with within our society for some time. The Company will continue to face the challenges that Covid brings about, but will continue to play a leading role to the benefit of its people, customers, shareholders and the economy. The current situation reaffirms the importance of telecommunications in sustaining social and economic activities especially in light of the new ways of working embraced by all.

While COVID-19 impacted the customer experience, it provided the Company with the opportunity to engage with the customers in different ways. The Company has promoted digital mode for recharges and payments. We have, as a gesture of goodwill during the lockdown periods, waived late payment fees and also extended disconnections period.

With the ongoing COVID 19 pandemic, the focus is more towards sustainability and employees wellbeing. The Company is continuously investing on its network resilience to respond to the demand of the market and exploring new avenues for revenue generation. There is an ongoing assessment of the current situation where the business risk and opportunities are considered with a close monitoring on its cash flows in meeting its contractual obligations and debt management. The Company has also privileged the hybrid working model to reduce the number of staff on the Company premises, implemented all sanitary measures at the office work place and provided support to all the staff to combat the pandemic.

The financial position of the Company are as follows:

	2021 **Rs 000**	2020 Rs 000 Restated
Profit before tax	**509,310**	651,293
Current assets	**801,152**	773,205
Current liabilities	**1,153,537**	1,689,165
Net assets	**1,384,374**	1,241,504

DIRECTORS' REPORT (CONTINUED)

Review of the Business (Continued)

Management has also implemented the "Living the Brand" philosophy that will create a new culture for an engaging workforce and empowering them to meet the changing customer needs. Training were provided to the staff to help them to endorse this initiative.

The Company has registered Net profit after tax of **Rs 380 million** (against Rs 552 million in 2020) for the financial year 2021, and this includes Dividend income of **Rs 47 million** (compared to Rs 71 million in 2020) from Emvision Ltd. The Directors have declared dividends of **Rs 516 million** (compared to Rs 364 million in 2020) for the year ending 31 December 2021.

In 2021, the Company invested **Rs 530 million** (against Rs 654 million in 2020) in capital expenditure. These investments were geared towards building the network resilience to provide high-quality connectivity and coverage for better services to meet the growing demand in data and enterprise solutions. The METISS submarine cable was live in March 2021 and provides extra capacity as well as redundancy in international connectivity for the country.

Outlook and prospects

The world's economy is at another pivotal moment where a key catalyst for growth will be wireless connectivity enabled by 5G deployment and diversification into new revenue streams. The Company will deploy 5G during the year 2022 and continue its strategy in accelerating growth in mobile data, home broadband and enterprise solutions while at the same time be ahead of the technological curve. Additionally, the Company will also focus on new revenue streams such as Fintech, e-commerce, content, satellite ground stations and the Internet of Things (IoT) amongst others and continue to provide innovative products and services to consumers.

Financial Statements and auditor's report

The financial statements of the Company for the year ended 31 December 2021 are set out on pages 39 to 93. The auditor's report on these financial statements is on pages 34 to 38.

Directors

The names of the Directors who held office as at the date of this report are set out on page 2.

Statement of Directors' Responsibilities in respect of the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

EMTEL LIMITED

DIRECTORS' REPORT (CONTINUED)

Auditors

The fees payable to the auditors, for audit and other services were:

	Year 2021	Year 2020
	Rs	Rs
Statutory audit services	**1,572,000**	1,568,000
Other services	**908,000**	665,000
TOTAL	**2,480,000**	2,233,000

The other services for year ended 31 December 2021 relate to tax consulting services, privacy gap assessment, the audit of financial information of MFS Trust and consultancy services for Mobile Financial Services.

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted to the Annual Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and staff for their hard work, dedication, commitment and loyalty to the Company.

We also wish to thank our fellow members of the Board for their support and contribution.

Authorised for issue by the Board of Directors on 18th March 2022 and signed on its behalf by:

………………………………………	………………………………………
DIRECTOR	**DIRECTOR**

CORPORATE GOVERNANCE REPORT

Introduction
The Company is a Public Interest Entity and the Board fully endorses the eight principles espoused by the National Code of Corporate Governance of Mauritius 2016 ('the Code'). Details on how the Company has applied the Code's principles are set out in this Report.

The Board, with the support of its Senior Management Team and driven by the Company's five core values, namely Integrity, Foresight, Responsibility, Passion and Openness, is committed to maintain and advocate an effective corporate governance framework while applying the principles of the Code.

Year 2021 was yet another challenging year due to the Covid-19 pandemic and its variants still looming in year 2022. The Board has continued to be proactive and further strengthened the protocol put in place last year so as to ensure business continuity and the soundness of the Company's services and operations. In keeping with its sense of responsibility, the Company provided ongoing support to its employees and the community to help them emerge stronger.

Throughout this Report, we have highlighted how the Company, supported by its sound governance structure, has navigated through the crisis with the collaboration of our Senior Management team and our People.

The Board believes that all material information on the Company and its governance framework, as recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through the Annual Report & Financial Statements filed at the Registrar of Companies.

Principle 01: Governance Structure

'All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly defined.'

Statement of Accountabilities
The Company is led by a unitary Board comprising of seven Directors.

The Board is guided by the provisions of the Company's constitutive documents including the Shareholders' Agreement, the Company's Constitution and prevailing legislation, rules and regulations such as the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Code and has not adopted a Board Charter.

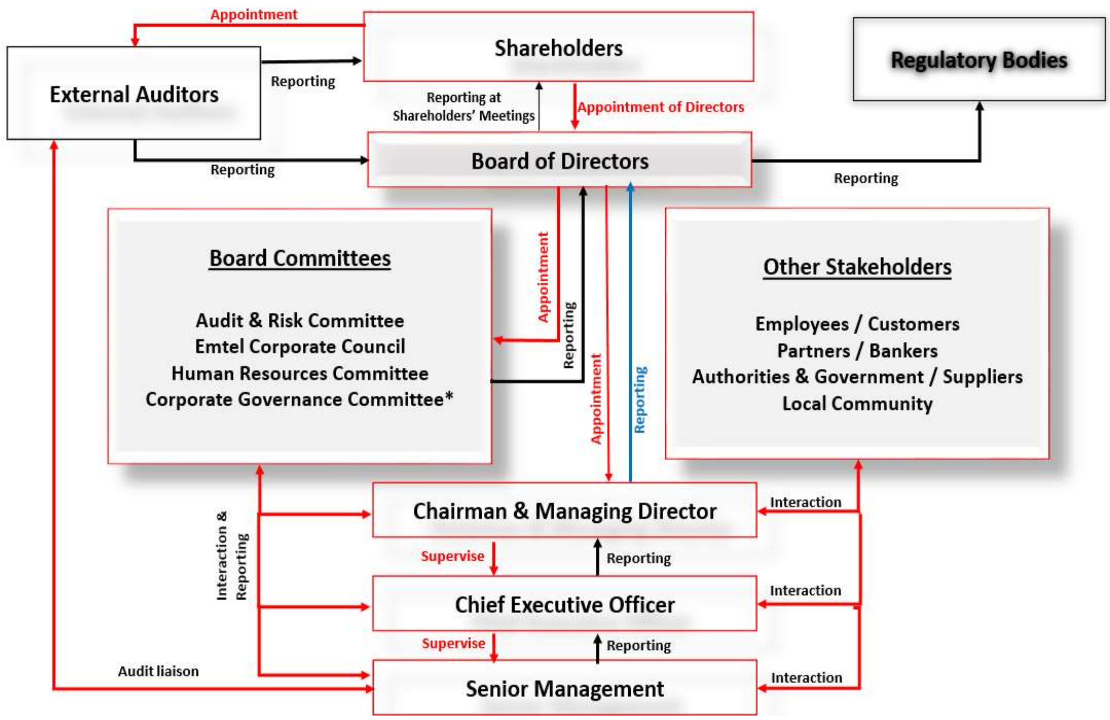
The Code of Conduct sets out the ethical and professional standards of behaviours and attitudes to be followed by the employees and Directors.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Corporate Governance Framework

The following illustration depicts the Company's corporate governance framework and outlines the lines of reporting for the Company, the Board of Directors and its Board Committees.



*The Board has delegated the authority to the Corporate Governance Committee set up at the level of the holding company, Currimjee Jeewanjee and Company Limited ('CJ & CO LTD'), to advise the Board on corporate governance matters and on the application of the Code.

Key Senior Governance Positions and Responsibilities

The Board operates under the Chairmanship of Mr Bashirali A Currimjee, who is also the Managing Director.

Mr Krishnaduth Goomany was appointed as Chief Executive Officer in January 2021.

Mr Bashirali A Currimjee has an advisory role to the Chief Executive Officer and he supports and oversees the latter's functions.

The job descriptions of the Chairman, Managing Director and the Company Secretary have not been confined in written position statements. The key duties and responsibilities of the Chairman, Managing Director, Chief Executive Officer and Company Secretary are set out below:

Chairman and Managing Director

The Chairman is responsible for leading the Board and facilitating the effective and constructive contribution of Directors and encouraging their active engagement to ensure the effectiveness of the Board in all aspects of its role. His main responsibilities include:

- Setting the Board agenda and ensuring that adequate time is granted to discuss all agenda items particularly strategic issues;
- Ensuring that the Directors receive complete and adequate information in a timely manner;
- Ensuring effective communication with Shareholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of Non-Executive Directors in particular; and
- Promoting high standards of Corporate Governance.

The Managing Director has an advisory role to the Chief Executive Officer and he supports and oversees the latter's functions.

Chief Executive Officer

The role and responsibilities of the Chief Executive Officer are centred towards the overall management of the Company's operations and include:

- Dissemination of the Company's values and ensuring that they are lived by all employees;
- Formulating and assisting the Board to establish the Company's long term strategic direction, strategic plan and risk profile for approval;
- Implementing, administering and achieving the Company's objectives, goals, plans and budgets;
- Developing the Company's Strategic Plan, Annual Operating Plan, Capital Budget, Operating Budget, Long Term Budget and Project Specific budget for approval by the Board;
- Managing resources efficiently and effectively in the best interest of the Company;
- Approving the delegation and limits of authority of all direct reportees and supervise, guide and mentor all direct reportees and other employees;
- Ensuring that an appropriate, sound and effective prudent compliant risk management and compliance framework and supporting policies and controls are in place and observed to safeguard the Company's and stakeholders' interests and that these are regularly reviewed; and
- Ensuring that effective business relationships are maintained with all stakeholders.

Company Secretary

The Company Secretary is Currimjee Secretaries Limited, represented by Mr. Ramanuj Nathoo.

Mr Nathoo is a fellow Member of the Institute of Chartered Secretaries and Administrators, UK ('ICSA') and holds a MBA Finance from the University of Leicester. He also attended a professional course on Governance of Family Businesses at *'Institut Européen d'Administration des Affaires'* (INSEAD). He is a Fellow Member of the Mauritius Institute of Directors and the ICSA Mauritius Branch.

The Company Secretary is responsible for:

- Ensuring that the Company complies with its Constitution, all relevant statutory and regulatory requirements and rules established by the Board;
- Providing the Board as a whole and the Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company;
- Developing the agenda of the Board and Board Committee meetings in consultation with the Chairperson / Managing Director;
- Circulating agendas and any supporting papers in a timely manner;
- Taking minutes of meetings and circulating the draft minutes to all concerned parties;
- Ensuring that the procedure for the appointment of Directors is properly carried out; and
- Assisting in the proper induction of Directors, including assessing the specific training needs of Directors / executive Management.

Board of Directors' Profiles

The profiles of the Directors are set out below. Details of their other directorships are available at the Company's registry.

Mr. Bashirali A Currimjee, G.O.S.K – Mauritian Citizen & Resident – Chairman & Managing Director

Committee Membership: Chairman of HR Committee & Emtel Corporate Council.

Qualifications:

- B.A. Arts, Major in Economics and Government, Tufts University, USA.
- OPM, Harvard Business School, USA.

Experience:

- Former President of Mauritius Chamber of Commerce and Industry, Association of Mauritian Manufacturers and Joint Economic Council (now Business Mauritius).
- Former Director of Bank of Mauritius and SBM Bank (Mauritius) Ltd.
- Held key executive positions within the Currimjee Group.
- Honorary Consul General for the Republic of Turkey in Mauritius from 1985 to 2016.
- Currently Chairman in a few companies of the Currimjee Group.

Directorship in listed and public companies: None.

Mr Anil C Currimjee – Mauritian Citizen & Resident

Committee Membership: HR Committee and Emtel Corporate Council.

Qualifications:

- B.A. Liberal Arts, Williams College, Massachusetts, USA.
- MBA, London Business School, UK.

Experience:

- Council Member and Vice President of Business Mauritius.
- Former President of the Mauritius Chamber of Commerce & Industry.
- Former Director of The Mauritius Commercial Bank Ltd.
- Honorary Consul General of Japan in Mauritius from 2004 to 2016.
- Chairman of Joint Business Council Mauritius-India.
- Director of numerous companies within the Currimjee Group.

Directorship in other listed and public companies: African Rainbow Capital Investments Limited, Compagnie Immobilière Limitée, Island Life Assurance Co Ltd and Sanlam Africa Core Real Estate Investments Limited.

Mr Azim F Currimjee – Mauritian Citizen & Resident - Non-Executive Director
Committee Membership: HR Committee.

Qualifications:
- B.A. Mathematics, Williams College, Massachusetts, USA.
- MBA, Trinity College, Dublin, Ireland.

Experience:
- Over 10 years' experience in the textile industry.
- Has held key executive positions in the Food and Beverages Cluster of the Currimjee Group for the last 20 years and is currently the Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Former Manufacturing Director of Bonair Group of Companies.
- Director of numerous companies within the Currimjee Group.
- President of the Mauritius Chamber of Commerce and Industry ('MCCI') 2016 to 2018. He also held this position during 2007 and 2008.
- Chairman of the Business Regulatory Review Council, set up under the aegis of Ministry of Finance, Economic Planning and Development of Mauritius.
- Former Vice-President of COMESA Business Council.
- Vice-President of Economic Development Board of Mauritius.

Directorship in other listed and public companies: Soap & Allied Industries Limited.

Mr Mazahir F E Adamjee – Mauritian Citizen & Resident - Non-Executive Director
Committee Membership: Audit & Risk Committee.

Qualifications: Fellow Member of the Institute of Chartered Accountants in England and Wales.

Experience:
- Former Deputy Managing Director and Director of Currimjee Jeewanjee and Company Limited.
- Former Chairman of Mauritius Export Processing Zone Association.
- Former Director of Bramer Banking Corporation Ltd.
- Former Managing Director of Bonair Group of companies.
- Former Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius Ltd.
- Former Director of National Investment Trust Ltd.
- Held key executive positions within the Currimjee Group.
- Non-Executive Director in numerous companies within the Currimjee Group.

Directorship in other listed and public companies: None

Mr M Iqbal Oozeer – Mauritian Citizen & Resident – Non-Executive Director
Committee Membership: Chairman of the Audit & Risk Committee.

Qualifications:
- Fellow Member of the Association of Chartered Certified Accountants, UK.
- Attended a number of professional courses at Alliance Manchester Business School, Euromoney and INSEAD.

Experience:
- Audit Assistant at Kemp Chatteris Deloitte from 1982 to 1986.
- Accountant at Elf Antargaz (Maurice) Ltée from 1987 to 1988.
- Has held key executive positions in Currimjee Jeewanjee and Company Limited (CJ) for over thirty years.
- Currently Chief Finance Officer and Director of CJ.

Directorship in other listed and public companies: Compagnie Immobilière Limitée and Island Life Assurance Co. Ltd.

Mr Sarvjit Singh Dhillon – British Citizen & Non-Resident - Non-Executive Director
Committee Membership: Emtel Corporate Council.

Qualifications:
- B.A. Hons. In Accounting and Finance, Middlesex University, UK.
- Chartered Management Accountant, Chartered Institute of Management Accountants, UK.
- MBA with specialization in Human Resource Management & advanced Marketing, University of Birmingham, UK.
- Completed the Stanford Executive Program, Stanford Graduate School of Business, USA.

Experience:
- Over thirty years of experience of general and financial management experience in multinational and Indian corporations, of which twenty years have been with the Bharti Group.
- Former Executive at Pitney Bowes Corporation (USA) and British Telecom Plc (UK).
- Former Group CFO of Bharti Enterprises.
- Advisor to the Bharti Global and other companies.

Mr Pravin Surana – Indian Citizen & Resident - Non-Executive Director (resigned on 17 November 2021)
Committee Membership: Member and Chairman of Audit & Risk Committee until 17 November 2021.

Qualifications:
- Chartered Accountant, Institute of Chartered Accountants from India.
- Company Secretary, The Institute of Company Secretaries of India.
- B. Com., Mithibai College, Mumbai University.

Experience:
- Finance professional with over 16 years' international experience.
- Experience in strategic planning, corporate restructuring, mergers and acquisitions, international taxation, treasury, compliance and governance, financial planning and compliance.
- Former Senior Officer at Reliance Energy Limited.
- Former General Manager Finance at Bharti Airtel Limited.
- Former executive at DTOne, Nairobi & Singapore.
- Former Managing Director of Indian Continent Investment Limited.

Directorship in listed and public companies: None.

Mr Mukesh H Bhavnani – Indian Citizen & Mauritian Resident - Non-Executive Director (appointed on 18 November 2021)
Committee Membership: Audit & Risk Committee.

Qualifications:
- Bachelor in Commerce (Hons), LLB; ACS

Experience:
- Forty years of work experience including at the Corporate Management level, covering advice, implementation and monitoring strategic decisions on Legal and commercial matters in India, Africa, Middle East, Europe, and North Africa.
- Former employee of P&G, Coca-Cola, Sony, Essar, Bharti Airtel
- Current Director of Bharti Airtel companies based in Mauritius, Airtel Tanzania PLC, Airtel Africa Mauritius Limited, Indian Continent Investment Limited, and Network i2i Limited.

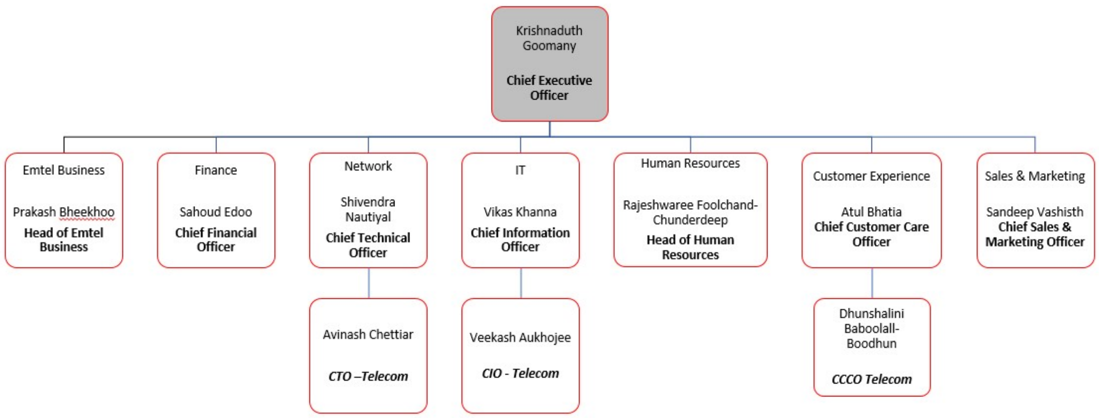
Directorship in other listed and public companies: None

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Organisational Chart of Senior Management Positions

The organisational chart as at the date of this report is as follows:



Senior Management Profile

Mr Krishnaduth Goomany – Chief Executive Officer

Qualifications:
- Degree in Electronic and Electrical Engineering, University of Birmingham, UK
- Master's degree in Telematics, University of Surrey, UK
- MBA, Heriot-Watt University

Experience:
- Has 30 years of experience in the telecommunication industry and deep understanding of local market needs.
- Formerly held Senior Management roles at Mauritius Telecom, Cellplus Mobile Communications Ltd and Comviva Technologies Ltd.
- Consultant in the Company from August 2014 – May 2015, Chief Operations Officer as from June 2015. Deputy Chief Executive Officer as from April 2018, CEO Designate as from August 2020.
- Appointed Chief Executive Officer in January 2021.

Mr Sahoud Edoo - Chief Financial Officer ('CFO')

Qualifications:
- Fellow Member of the Association of Chartered Certified Accountants.

Experience:
- Has 26 years' experience in the Telecom sector.
- Previously worked for the Company for 15 years prior to joining Millicom International Cellular Group where he worked for 5 years in three different countries in Africa.
- Former CFO, Millicom Tanzania Ltd.
- Joined as CFO in November 2015.

Mr Shivendra Nautiyal - Chief Technical Officer ('CTO')

Qualifications:
- Diploma in Electronics and Communications with specialisation in Telecommunications.
- Building Future Leaders Program, Wharton Business School, University of Pennsylvania, USA.

Experience:
- Has over 25 years' experience in the Technical Network field.
- Former CTO, Digicel Suriname.
- Joined as CTO in September 2016.

Mr Vikas Khanna - Chief Information Officer

Qualifications:

- MBA, IT with specialisation in Telecommunication, All India Association, India.

Experience:

- Has over 22 years' experience in the Telecom IT operations and Service Delivery field.
- Joined the Company in November 2016.

Mrs Rajeshwaree (Priya) Foolchand-Chunderdeep – Head of Human Resources

Qualifications:

- BSc (Hons) Management, with specialisation in Human Resource Management.
- MSc Human Resource Studies.

Experience:

- Has 19 years' experience in the HR field, mainly in international banks based locally and in financial services sector.
- Prior to joining Emtel, was Head of HR at Standard Chartered Bank Mauritius for 5 years.
- Previously worked for Standard Bank Mauritius, Standard Bank Trust Company Mauritius and the BAI group (financial services cluster).
- Joined the Company in September 2017.

Mr Atul Bhatia - Chief Customer Care Officer

Qualifications:

- Post Graduate in Mass Communication.
- Bachelor of Arts Degree.

Experience:

- Has over 21 years of experience in telecoms with Service operations, Marketing & Sales, CRM projects implementation, strategy, high value customer management.
- Worked at Airtel in India as well as in South Asian and African markets.
- Joined the Company in June 2017.

Mr Sandeep Vashisth - Chief Sales & Marketing Officer

Qualifications:

- Post Graduate Diploma in Business Management.
- Bachelor of Commerce.

Experience:

- Has nearly 22 years of experience in telecoms with product development, revenue enhancement, concept sales, distribution network and E-media marketing.
- Worked as Sales Head at Tata Teleservices Ltd, prior to joining Emtel.
- Joined the Company Head of sales in September 2015 and promoted to Chief Sales Officer in April 2018.
- Appointed as Chief Sales and Marketing Officer in January 2021.

Mr Pooroosotum ('Prakash') Bheekhoo – Head of Emtel Business

Qualifications:

- Executive MBA.
- MBA Marketing.
- Bachelor in Engineering (Electronics & Communications Engineering).
- Registered Professional Engineer.

Experience:

- Has 24 years of experience in telecoms industry.
- Former Head of Business Development & Sales at Kathrein Africa Ltd.
- Joined the Company in July 2018.

Mrs Dhunshalini (Brinda) Baboolall-Boodhun - Chief Customer Care Officer – Telecom

Qualifications:

- MBA.
- BSc (Hons) Accounting.

Experience:

- Has overall 26 years of experience in Emtel.
- Joined Emtel as Assistant Customer Service Manager in August 1995.
- Promoted to Operations Manager in January 1997.
- Promoted to Deputy Chief Customer Care Officer in August 2020.
- Promoted to Chief Customer Care Officer - Telecom in January 2021.

Mr Avinash Chettiar- Chief Technical Officer – Telecom

Qualifications:

- BSc (Hons) Information Technology.
- Diploma in Telecommunication at City & Guilds (2004).
- International Diploma in Computer Studies (2008).

Experience:

- Has overall 24 years of experience in Emtel.
- Joined the Company in February 1998 as Technician.
- Promoted to 'Manager-Operation & Maintenance' in January 2012.
- Assigned additional responsibilities in the absence of CTO in July 2016.
- Promoted to 'Deputy – CTO' in January 2019 & CTO - Telecom in January 2021.

Mr Veekash Aukhojee - Chief Information Officer ('CIO') – Telecom

Qualifications:

- MSC Computational Science.
- BA Mathematics.

Experience:

- Has overall 20 years of experience in Telecom.
- Joined Emtel in September 2007 as Operations Executive.
- Promoted to the post of Head of IT & Billing projects in January 2011 and IT Manager in March 2016.
- Assigned additional responsibilities in the absence of CIO in May 2016.
- Promoted to Deputy – CIO in January 2019.
- Promoted to CIO - Telecom in January 2021.

Principle 02: The Structure of the Board and its Committees

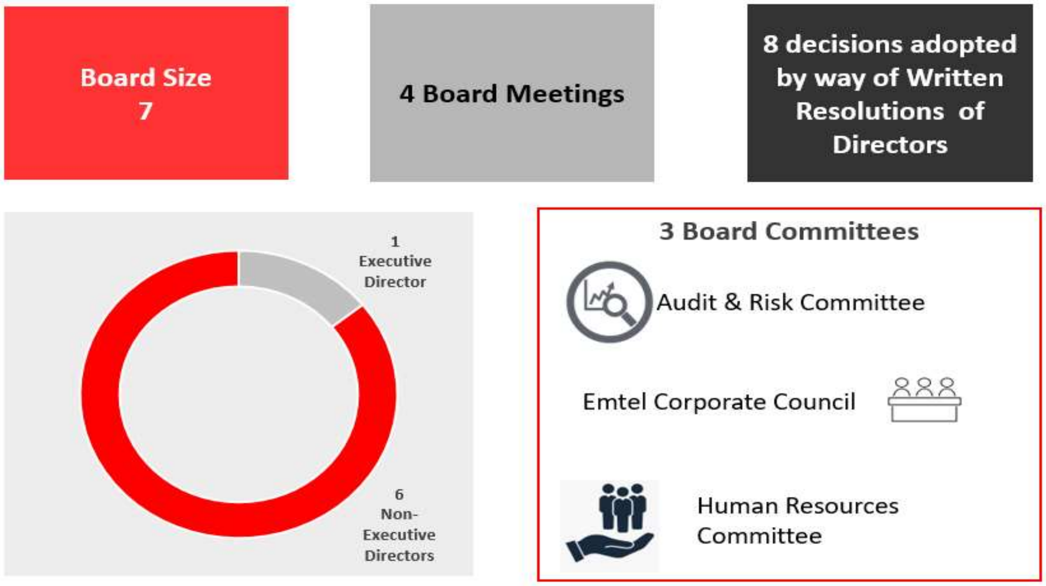
'The Board should contain independently minded Directors. It should include an appropriate combination of executive Directors, independent Directors and non-independent non-executive Directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.'

Size and Composition of the Board

The composition of the Board is regulated by the Shareholders Agreement which provides for the nomination of Directors on the Board by the Shareholders in proportion to their respective shareholding in the Company. The Board comprises of seven Directors, including one Executive Director and six Non-Executive Directors. The Shareholders and the Board are of the view that its current size, mix of skills, competencies, expertise and knowledge enable it to carry out its duties and responsibilities in an effective and competent manner and support the Board in the attainment of its objectives.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT



The Directors come from different industries and backgrounds with strong business, international, management experience and expertise aligned with the nature and scope of the Company's activities.

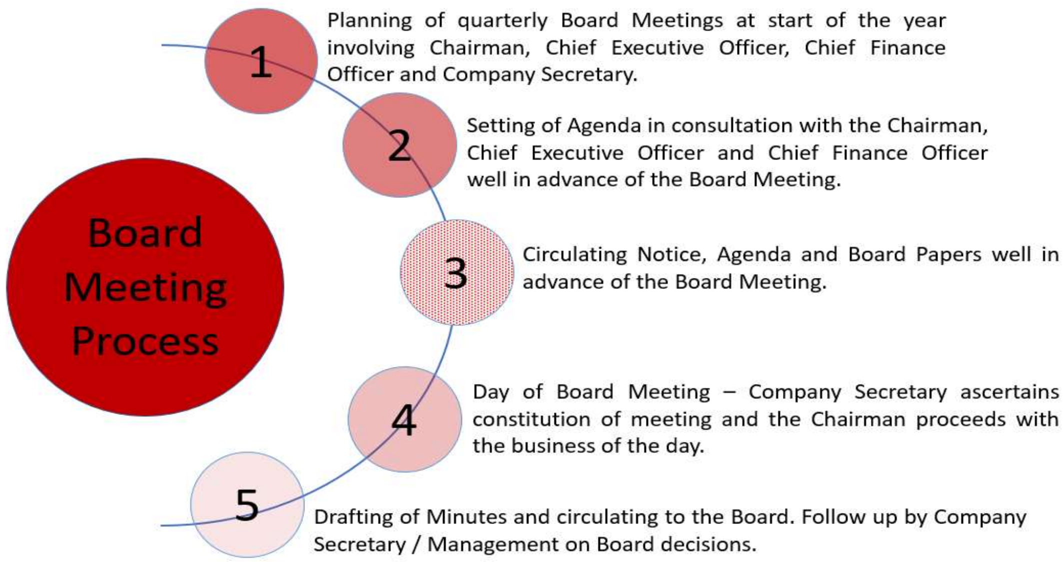
Board Responsibilities
The Board is responsible for leading and controlling the Company as well as meeting all legal and regulatory requirements and acts in the best interest of its Shareholders. The Board's responsibilities span over the following areas:

- Values, Vision and Strategy;
- Monitoring of Performance – Financial Planning and Business Monitoring;
- Board Structure and Board Governance;
- Human Resources Planning / Systems and Management;
- Internal Control and Risk Management; and
- Communication/Corporate Stewardship.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Board Meetings Process



Board Committees normally precede Board Meetings and additional meetings may be convened, if required. A similar process as set out above is followed. The agenda for the Committee meeting are set in consultation with the respective Committee Chairman, relevant company Executives and the Secretary.

Board Focus areas
The Board met four times during the year. In view of the prevailing travel restrictions during the Covid-19 pandemic, Board Meetings were mostly organized by videoconference to give the opportunity to all Directors to attend and participate at Board Meetings and to respect the sanitary protocols.

The key areas discussed at Board Meetings held during the year are set out below:

- Approval of the Annual Report for the year ended 31 December 2020.
- Review of the Company's performance against budget, including operational and financial highlights.
- Impact of the Covid 19 on the operations and measures taken to sustain the business.
- The reports from the Chairman of Board Committees, with respect to the main deliberations at these Committee Meetings.
- Declaration and payment of dividends for the year ended 31 December 2021.
- Review of major projects.
- Launch of new services.
- Approval of capital expenditures.
- Approval of investment in Emtel Technopolis Ltd.
- Approval of banking facilities.
- Approval of the annual operating plan for year 2022.

BOARD COMMITTEES

The Board has established three Board Committees that are entrusted with specific responsibilities to oversee the affairs of the Company with powers to act on behalf of the Board in accordance with their respective terms of reference.

Audit & Risk Committee

Composition	The Audit & Risk Committee was chaired by Mr Uday K Gujadhur, an external co-opted Member, until 31 March 2021. He was replaced by Mr Pravin Surana who chaired the Committee until 17 November 2021, date on which he resigned from the Board. On 03 December 2021, the Board approved the appointment of Mr M Iqbal Oozeer as Chairman and Mr Mukesh Bhavnani as Member, in replacement of Mr Pravin Surana. Since the Company has not appointed an Independent Director, the Board is comfortable for the Audit & Risk Committee to be chaired by a Non-Executive Director. The Committee's current composition is as follows: • Mr M Iqbal Oozeer - Chairman • Mr Mazahir F E Adamjee • Mr Mukesh Bhavnani.
Main responsibilities	• Monitoring the integrity of the financial statements & annual report and reviewing significant financial reporting issues and judgements therein. • Reviewing the Company's internal controls related to financial reporting and disclosure controls and procedures and monitoring the effectiveness of the internal audit function. • Reviewing the internal audit recommendations & monitoring their implementation. • Recommending the Board in relation to the appointment, re-appointment & removal of the External Auditor. • Agreeing with the External Auditor on their terms of engagement, the audit scope & fees (whether for audit or non-audit services). • Assessing annually the independence & objectivity of the External Auditor, their expertise and resources and the effectiveness of the audit process. • Advising the Board on the overall risk appetite, tolerance and strategy, ensuring that an overall risk management framework is in place and reviewing policies related to risk management.
Focus areas for year 2021	• Review of Audited Financial Statements for financial year 2020. • Review of client service report from external auditors and letter of representation. • Appointment of external auditors for financial year 2021. • Approval of external auditor's engagement letter and client service plan. • Review of internal audit reports, approval of internal audit plan and monitor implementation of audit recommendations. • Review of the implementation of the Company's Enterprise Risk Management process. • Updates on information security matters. • Receive reports on the Company's revenue assurance framework, its implementation and effectiveness.

CORPORATE GOVERNANCE REPORT

Human Resources Committee

Composition	**Mr Bashirali A Currimjee – Chairman** **Mr Anil C Currimjee** **Mr Azim F Currimjee**
Main responsibilities	Review and recommend for Board approval the HR Strategy, including key HR policies, plans and human resources requirement and monitor implementation of same.
Focus areas for year 2021	• Review of HR dashboards and HR metrics. • Talent Review and Performance Management Updates. • Employee Engagement updates. • Key staff movements. • Key recruitments. • HR Focus Areas for year 2022. • Management of the Covid-19 pandemic.

Emtel Corporate Council
The Emtel Corporate Council was established for strategic management and supervision of the Company's operations within a framework approved by the Board.

Composition	**Mr Bashirali A Currimjee - Chairman** **Mr Anil C Currimjee** **Mr Sarvjit Singh Dhillon**
Main responsibilities	• Providing guidance to the Board on the establishment of the Company's values and vision. • Recommending long-term strategic direction, plans and risk profile to the Board for approval. • Monitoring of the Company's financial and non-financial performance and financial planning. • Making recommendations to the Board on Board structure and Board governance matters. • Making recommendations on Human Resources planning, systems and management. • Reviewing and recommending to the Board for approval, the status of business risk exposures, its management and related action plans. • Reviewing, approving and ensuring effective communication with internal and external stakeholders.
Focus areas for year 2021	• Monthly Review and monitoring of financial and operational performance. • Review of Big Ticket items. • Update on major projects and initiatives. • Approval of capital expenditures. • Review of HR initiatives and efficiency. • Review of Treasury reports. • Recommend dividend declarations to the Board for approval. • Update on legal and regulatory matters.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Corporate Governance Committee

The Corporate Governance Committee's functions have been assigned by the Board of the Company to the Corporate Governance Committee set up at the level of CJ & CO LTD, its holding company.

Attendance at Board Meetings and Board Committees

The table below gives the records of attendance at the Company's Board and Committee meetings for the year under review:

Directors, Alternate Directors & Committee Members	Category of Directors	Board Meeting	Audit & Risk Committee	Human Resources Committee	Emtel Corporate Council
Number of Meetings held during the year		**4**	**4**	**3**	**7**
Mr Bashirali A Currimjee	ED	4	n/a	3	7
Mr Anil C Currimjee	NED	4	n/a	2	7
Mr Azim F Currimjee	NED	4	n/a	3	n/a
Mr Mazahir F E Adamjee	NED	4	3	n/a	n/a
Mr M Iqbal Oozeer	NED	4	4	n/a	n/a
Mr Sarvjit Singh Dhillon	NED	4	n/a	n/a	7
Mr Pravin Surana [1]	NED	-	2	n/a	n/a
Mr Mukesh Bhavnani[2]	NED	2	1	n/a	n/a
Committee Members					
Mr Uday K Gujadhur – *Audit & Risk Committee Chairman until 31 March 2021.*		n/a	1	n/a	n/a

Key: ED – Executive Director NED: Non-Executive Director

Notes:
1: Mr Pravin Surana resigned as Director & Audit & Risk Committee Chairman on 17 November 2021.
2: Mr Mukesh Bhavnani was appointed as Director on 18 November 2021 and Audit & Risk Committee Member on 03 December 2021.

Principle 03: Director Appointment Procedures

There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.

CORPORATE GOVERNANCE REPORT

Appointment and re-election
The Shareholders' Agreement ('SHA') makes provision for the nomination of Directors by the Shareholders on the Board of the Company in proportion to their shareholding in the Company. All Directors are eligible for re-election at the Annual Meeting of Shareholders.

Induction and orientation
Newly appointed Directors benefit from an induction programme that includes meetings and business presentation sessions with Management, aimed at deepening their understanding of the businesses, the environment and market in which the Group operates.

Professional Development of Directors
The Company provides regular updates to the Directors to best develop their knowledge and capabilities. Directors are kept abreast of trends in the business, competitive and regulatory environments regularly at Board Meetings.

Succession Planning
The Board assumes the responsibilities for succession planning of Directors and Senior Management Positions.
The Board also recognizes and nurtures talent and has put in place a Talent Development Program for key executives to ensure that the Company creates opportunities to develop current and future leaders.

Principle 4 - Director Duties, Remuneration and Performance

Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each Director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information strategy, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.

The Directors are fully appraised of their fiduciary duties as laid out in the Companies Act.

Conflict of Interest / Related Party Transactions
The Company's Constitution allows a Director who has declared his interest in any transaction / proposed transaction with the Company to vote on any matter relating to the said transaction.

The Company Secretary maintains an interest register, which is available to Shareholders, upon written request.

Information

The Chairman, with the assistance of the Senior Management team, ensures that Directors are provided with relevant Board Papers in a timely manner so that they can participate effectively in Board deliberations and decisions. Ongoing relevant information is also shared with Directors between two Board Meetings to keep them abreast of developments.

The Directors also have access to the Company's Senior Management Team as and when required with the approval of the Chairman and Managing Director.

Information Technology ('IT') and Information Security Governance

The Company has implemented a framework on information technology and information security governance and adopted operational policies pertaining to IT. It also follows the ISO 27001:2013 standard for its Data Centre.

The Company's key policies and their purposes are as follows:

- Information Security ('IS') and Information Security Management System ('ISMS') Policy - The purpose of this policy is to establish a culture of security and trust for all employees. It also gives a brief introduction about the organisation, lists down the objectives of ISMS and describes the methodology adopted to establish ISMS. The policy encompasses the following activities: clear desk/ screen policy, acceptable use policy, password policy, logical access control, removable media and storage devices, mobile device management, data protection.
- IT General Policy - This policy covers all the different activities and guidelines related to Information Technology, such as Backup Retention, email, maintenance and configuration, internet, wireless connectivity, computer network logins, operating systems computer network use, change management.
- Incident Management Policy - The purpose of the Incident Management Policy is to provide an effective way to ensure quick, effective and orderly response to incidents so as to minimise damages.
- Physical Access Control Policy - The purpose of this policy is to regulate the provisioning, granting, controlling, monitoring and removing of physical access and ID card system also referred to as Proximity Card throughout the Company, including the offices at Ebene & Boundary Road, Rose Hill, Arsenal Data Centre, Showrooms and cell sites.
- Business Continuity Management ('BCM') Policy – The BCM policy describes the various steps to be taken by the Company to protect critical business processes and assets from the effects of major disasters and identify continuity plans for business resumption.
- Data Centre Policy – The Data Centre provides a secure and controlled environment necessary to support the operations of customers and telecommunications equipment that stores, processes and transmits information.

The Company is committed towards securing the confidentiality, integrity and availability of information for the day-to-day business and technical operations. The security of information and other assets is therefore regarded as fundamental for the successful business operation of Emtel's Data Centre. The Data Centre has adopted an Information Security Management System comprising of the Information Security policies, procedures and processes to effectively protect data / information of Emtel's Data Centre and its customers from information security threats, whether internal or external, deliberate or accidental. The Data Centre is ISO 27001 certified with the Mauritius Standards Bureau for providing secured Data Centre operations and services.

All significant investments in information technology and expenditures, based on the business needs for the financial year, are provided for in the Company's annual budget and approved by the Board.

CORPORATE GOVERNANCE REPORT

Data Protection
The Company respects the privacy of its employees, customers, suppliers and other interested parties with whom it has business interactions. The Company is committed to comply with all relevant laws in respect of personal data for the protection of the rights and freedoms of individuals whose information it collects and processes in the course of its activities. This applies to all personal data processing functions, including those performed on data subjects' personal data, and any other personal data the Company processes from any source.

The Company is registered with the Data Protection Office as Data Controller and Data Processor; the Certificates of Registration were last renewed in December 2020 as per the Data Protection (Fees) Regulations 2020.

The Company has reviewed its Privacy Notice, which has been communicated to all stakeholders and is available on the website https://www.emtel.com/privacy-policy. The Company's Data Protection Officer can be contacted at dataprotection@emtel.com.

Board, Board Committee & Individual Director evaluation
Evaluation of the Board, Board Committees or individual Directors have not been undertaken during the year under review.

Remuneration Philosophy
None of the Directors received any remuneration and benefits from the Company during the financial year ended 31 December 2021 (2020: Nil).

The Managing Director is not remunerated by the Company. He is deputed by Currimjee Jeewanjee and Company Limited, with which the Company has a Business Support Services Agreement.

The Company's policy for determining remuneration for Management and Staff follows the guidelines below:

- Ensure that remuneration is commensurate with qualifications, skills and experience;
- Ensure that pay levels are internally consistent and aligned with market rates;
- Reward employees according to their responsibilities and performance; and
- Provide a remuneration package that attracts, retains and motivates staff.

Remuneration also includes a variable component based on the performance of both the Company and the employee.

Directors' Service Contracts
None of the Directors has a service contract with the Company.

Directors' & Officers' Liability Insurance
A liability insurance cover for Directors and Officers has been subscribed by the Company. The policy provides cover for the risks arising out of acts or omissions of the Directors and Officers of the Company in the performance of their duties, to the extent permitted by law.

Directors' interests in shares
The Directors' indirect interests in the stated capital of the Company at 31 December 2021 were as follows:

Director	Indirect interests in the Company's shares through Currimjee Limited %
Mr Bashirali A Currimjee	0.08
Mr Anil C Currimjee	3.52
Mr Azim F Currimjee	5.74

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Principle 5 - Risk Governance and Internal Control

The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

Risk Governance

The governance of the risk management is the primary responsibility of the Board, including the oversight of the risk management culture, capabilities and practices within the Company.

The Board has delegated the development and implementation of the Risk Management Framework to the Audit & Risk Committee. Management assumes the primary responsibility for identifying, assessing, and managing risks and for implementing the framework with a structured, consistent and coordinated approach.

A robust documented process along with a comprehensive risk register is in place to review internal control over financial and non-financial reporting with a purpose to minimise the risk of not achieving the business objectives and to provide reasonable assurance that the financial statements are free from material misstatements

The framework adopted by the Company consists of a systematic approach to identify and mitigate risks and the underlying process is as follows:

Risk Identification – Scan the entire business environment – internal and external for identification of potential risk

Risk Assessment – Assess the inherent risk in terms of impact & likelihood

Risk Evaluation – Understand the likely risk exposure to the company which may arise from business activity

Mitigation Plan – Define the initiative/mitigating measures and reassess the residual risk

Risk Response – Agree on action plan, fix accountability of people and KPI's

Risk Reporting – Review progress of action plan and report to Audit and Risk committee

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Top 10 Risks identified by the Company
During the year, the Company has undertaken an initiative to perform an assessment of its Enterprise Risk Register, which has been updated. The Top 10 risks and their corresponding mitigation measures are set out below:

	Risk Category	Risk	Mitigation actions
1	Operational	Inconsistent network quality resulting in negative customer experience, increased complaints & reputational loss.	- Network coverage expansion on identified and strategic locations. - Close monitoring of network KPI's & timely corrective action of redundancies.
2	Strategy	Inability to diversify into newer revenue streams to compensate declining traditional revenue streams.	- Continued focus on newer revenue streams; - Focus on driving data adoption through innovative products and offer's.
3	Strategy	Limited fibre infrastructure & roll-out.	Strategic expansion of fibre backbone across the island
4	Operational	Lack of end-to-end system integration may limit growth rate and ability to expand products and services portfolio.	- Explore automation feasibility to eliminate misalignment; - Strengthen process & controls to minimize gaps till complete automation is achieved.
5	Strategy	Inability to sustain the market share due to aggressive competitive pricing strategies (price wars).	- Close monitoring of revenue & cost KPI's; - Enhance focus on growing technology skills and capabilities to compete with disruptive market players; - Analyse & monitor market trend.
6	Strategy	Supplier Concentration & overreliance on a single supplier.	- Increased engagement with supplier to proactively assess any potential threat to business; - Explore feasibility of supplier diversification.
7	Strategy	Inability to leverage and deploy new age technologies *viz.* Data Science, Social Media Analytics, Behavioural analytics.	Focus on scenario based simplified structured data analysis based on user requirements.
8	Operational	Scaling internal digitisation & harnessing innovation.	Continuous impetus on digitalisation initiatives; internal innovation forum created to identify and drive initiatives in the aforesaid area.
9	Financial	Global supply chain disruptions.	- Performed a vulnerability analysis on of key suppliers to ascertain any adverse impact on the Company; - Identification of alternate supply sources.
10	Strategy	Inability to arrest ongoing erosion due to decline in tourism & roaming related revenue.	- Network at Tourist Spots and Hotel Sites are increased so that tourists get best coverage. - Renegotiation of roaming contracts and commitments.

Internal Control

The Board affirms its responsibility for the Company's system of internal control and ensuring that the system is functioning effectively. Appropriate processes, procedures and policies incorporating relevant internal controls, have been designed and implemented, to provide reasonable assurance that the control objectives are attained. The Board acknowledges that a system of internal control can only provide reasonable but not absolute assurance against the occurrence of misstatements, human error, losses, fraud and other irregularities.

Whilst retaining the overall responsibilities, the Board has entrusted the authority for monitoring and reviewing the effectiveness of the Company's internal control and compliance systems to the Audit & Risk Committee. The Board also relies on the internal audit function to highlight weaknesses in the internal control systems and make recommendations to Management and to the Audit & Risk Committee for appropriate actions.

Whistleblowing policy

The Company has adopted a Whistleblowing Policy, which has been communicated to the Directors and all employees. The Company encourages its Directors, employees and anyone associated with the Company, who have concerns about any aspect of practices encountered within the Company to come forward and voice those concerns within a defined process without fear of reprisals.

The whistleblowing policy ensures that the whistleblower's identity is treated with confidentiality. However, under certain circumstances and depending on the case, the employee may need to come forward as a witness to assist in the investigation.

Principle 6 - Reporting with Integrity

The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.

The Board recognises that Environmental, Social and Good Corporate Governance ("ESG") is an evaluation of the Company's collective conscientiousness for social and environmental factors and has continued to integrate ESG into the Company's strategies.

Information regarding the Company's financial, environmental and performance outlook have been further disclosed below.

Health and Safety

The Company is committed to ensuring and maintaining the highest standards of safety and health for its employees, customers, contractors and visitors. It recognises that Health and Safety is of fundamental importance to its workforce and due recognition is given to related matters. Emphasis is laid on encouraging and inculcating a positive and robust health and safety culture with a view to ensure a safe and healthy working environment for all employees, customers, contractors and visitors. The Company complies with the Occupational Safety and Health Act 2005 and its subsidiary regulations.

With the support and assistance of the Company's part-time Safety and Health Officer, several initiatives are undertaken to promote health and safety, from new joiners' induction to safety at work to general awareness sessions and trainings. A Health and Safety Committee, chaired by the Chief Financial Officer, Mr Sahoud Edoo, is also held every two months. Action plans are discussed and monitored regularly to ensure that the issues raised are addressed properly and in a timely manner.

The Company has moreover hired the services of an Occupational Doctor since 2017 who reports on a weekly basis and is posted to different locations, as required. Health Surveillance is carried out by the latter to comply with Occupational Safety and Health Act 2005.

Health and Safety (Continued)

Year 2021 has been another challenging year for Health and Safety regarding Covid-19 pandemic situation once again. The safety of all stakeholders was among the top priorities of Emtel, and several initiatives were implemented. These included the introduction of a comprehensive internal protocol document, regular communication on vaccination program and updates on precautions and sanitary measures and the need to get vaccinated, 'work from home' arrangements and continuous cleaning of premises, provision of Personal Protective Equipment (PPEs) for field staff and all staff resuming office in showrooms and Head Office and online training by internal facilitators and Company doctor as well.

Environment & Sustainability

The Company is committed to conduct business in a sustainable and environmentally conscious manner. It actively supports ecological projects by external institutions and non-governmental organisations in Mauritius. In 2021, the Company reinforced its commitment to further minimise its carbon emissions through the following key projects and activities:

- Pursued the national e-waste recycling project focussing on the collection and recycling of mobile phones, tablets, accessories and batteries; 3.5 tons were collected and sent for recycling.
- Close monitoring of key sustainability areas including energy, water and paper consumption; measures are continually being identified to reduce consumption across operations.
- Key focus on digitisation and automation of processes and forms, which contributed to a remarkable 50% reduction of the volume of paper printouts.
- Reinforced the recycling of wastes within the Company; more than 25 tons of wastes were sent for recycling, the main waste being paper and carton, electronics and technical wastes.

Corporate Social Responsibility ('CSR')

The Company continues to advocate CSR and actively considers its social responsibilities towards the local community. It has espoused community projects that not only spell its commitment towards the integration of social, environmental and economic dimensions but also provide value added solutions to the societal and environmental challenges.

The Company's CSR activities focused on two main areas namely "Environment & Sustainability", as reported above, and "Education and Training". Effective partnerships with local NGOs and the Currimjee Foundation have shown positive results in Mauritius, Rodrigues and Agalega.

For the financial year 2021, the Company contributed Rs 11.7 million to CSR Projects, including the following key projects:

- Collaboration with the Currimjee Foundation and Friends of Environment for the Endemic Revegetation Project at La Citadelle, Port Louis.
- Providing value-in-kind support through free calls and Internet connectivity services to support NGOs in the good conduct of their projects and providing relief to vulnerable groups of society.
- Conducting blood donation activities in Ebène Cybercity (Thalassemia Society and Mauritius Blood Donors Association) and in Rodrigues (Voluntary Blood Donors Association).
- Sponsoring two handisports athletes who participated in the Tokyo Paralympic Games and commitment to support them until the next Paralympic Games in 2024.
- Conducting clean-up activities in the context of the World Clean Up Day; including main activity of Let's Clean Up Ebene Cybercity and beach clean-up in Rodrigues (Shoals Rodrigues).
- Donation of school bags and educational materials to 1200 special children in Mauritius, Rodrigues and Agalega.
- Donation of wheelchairs to the members of the Physically Handicapped Welfare Association and beneficiaries of the Rotary Club of Beau Bassin Rose Hill.
- Partnership with the Mauritian Wildlife Foundation to launch a national initiative aimed at providing awareness, education and participative support initiatives to create an eco-conscious citizen.

Emtel continued to support the community during the Covid19 pandemic crisis. It joined forces again with the Mauritius Red Cross Society and Thalassemia Society of Mauritius to run specialised information centers, operate ambulance services to support and deliver medications to the elderly population and provide sanitary packs to vulnerable groups of the society.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT

Quality & ISO Certifications
The Company strives to provide the best experience to its customers through the provision of efficient, effective and innovative Information and Communication Technology products and services.

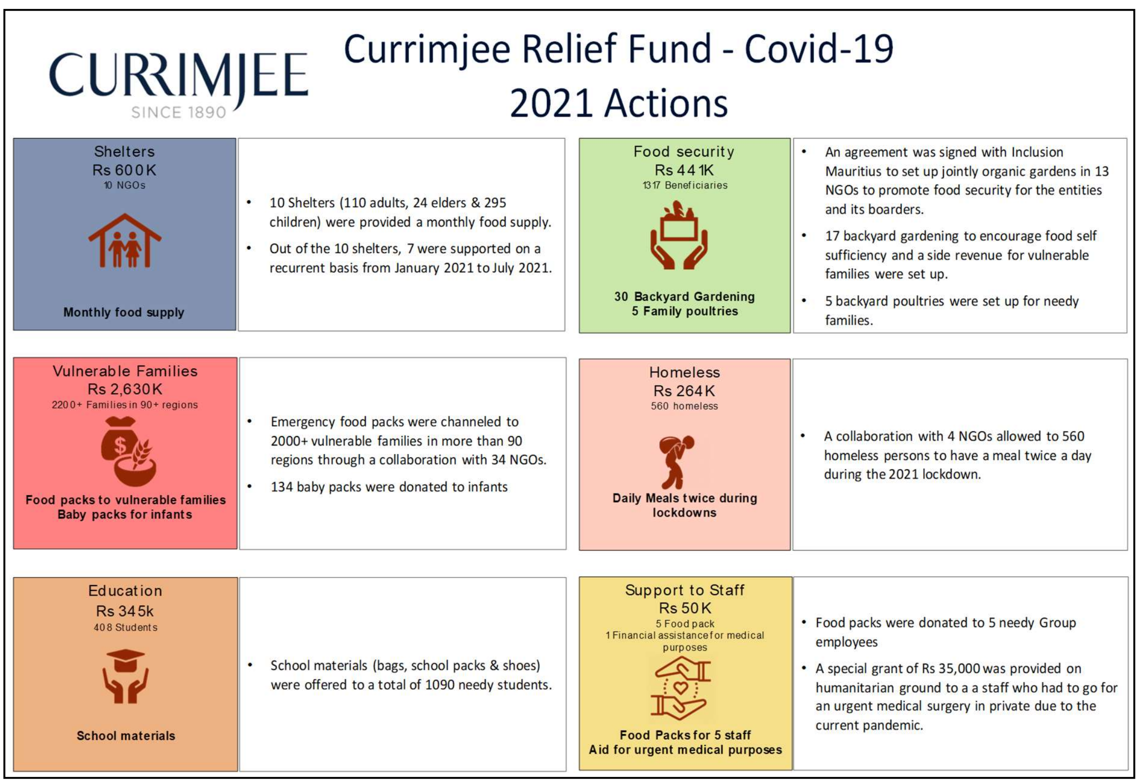
It operates a Quality Management System driven by its philosophy of continual improvement towards enhanced customer experience. Internal process audits have been carried out by the Company's team of trained internal quality auditors. Emtel has also successfully completed its recertification audit for ISO 9001 Certification in December 2021 with the Mauritius Standards Bureau (MSB).

Donations
The Company did not make any political donations during the year under review (year 2020: Nil). The Company supported a few charitable institutions from the Company's CSR funds.

The Currimjee Relief Fund/Covid 19 was set up In May 2020 to assist people most impacted by the Covid-19 pandemic in Mauritius. The beneficiaries were Group employees and their families, shelters, NGOs and local communities living in disadvantaged regions.

In 2021, the Currimjee Relief Fund provided food packs to more than 4,000 adults and about 5,000 children, from disadvantaged backgrounds Meals and food items were provided to more than 560 homeless people and 10 shelters on a recurrent basis. In addition, school materials were distributed to over 800 vulnerable students.

In 2021, a total of Rs 4.3 million was spent for various actions, as shown below:



Principle 7 – Audit
Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors.

Internal Audit

The Board has decided to outsource the provision of internal audit services as from year 2021. A tender exercise was carried out and upon the recommendation of the Audit & Risk Committee, Ernst & Young (E&Y) was appointed for the provision of internal audit services to the Company.

As part of their delivery of internal audit services, the Internal Auditor has performed a risk assessment and considered additional risks that apply to the Company and which were not captured in the existing risk register and the list of top inherent risks ranked in terms of significance for the Company. An internal audit plan for a three-year period was then established in collaboration with top management, targeting the higher risk areas that lend themselves to internal audits, and approved by the Audit and Risk Committee. The internal audit plans for the second and third years would be revisited in consultation with Management and the Audit & Risk Committee at the start of the respective year to reflect the priority audit areas.

The Internal Auditor's methodology aims ultimately to position the internal audit reviews to proactively drive strategic value to the organization, by providing:

- Key insights that enable the business to focus on the risks that matter and which aim to improve the quality and effect of work delivered.
- Robust mechanism to identify performance improvement opportunities (including robustness and efficiency of operations, quality of information for better decision making, optimizing use of available resources like technology).
- Strategic insights that improve business performance.
- Prioritization of recommendations to facilitate implementation and sense of achievement.

Internal audit services are conducted in accordance with an Internal Audit Charter, aligned with the standards of the Institute of Internal Auditors' International Professional Practices Framework and adapted for the outsourced internal audit model, that has been approved by the Audit & Risk Committee.

As part of the audit, the Internal Auditor reviews the design and operating effectiveness of controls in operation at Emtel for the areas identified as part of the internal audit plan. Following completion of internal audit engagements, salient internal audit observations are reported to Management in a closing meeting, followed by the issue of the internal audit reports. These reports are then presented at Audit & Risk Committee meetings, to communicate significant audit findings as well as Management's proposed action plans. Regular follow-up audits are also undertaken to monitor progress on the implementation of internal audit recommendations by Management, which are then reported back to the Audit & Risk Committee. The Internal Auditor, works closely with and shares its internal audit findings with the external auditors.

The Internal Auditor reports independently to the Chairman of the Audit & Risk Committee and the Chairman of the Board on all internal audit matters and is responsible for providing assurance to the Audit & Risk Committee regarding the implementation, operation and effectiveness of the Company's internal control systems. In this respect, reliance is placed on the work undertaken by the Internal Auditor in line with an internal audit plan, as approved by the Audit & Risk Committee, which ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined timeframe.

The Internal Auditor has unrestricted access to the Company's records, the Chairman of the Company, the Chairman of the Audit & Risk Committee, Management and employees, for the effective performance of its duties.

During the year 2021, the following internal audit assignments were deployed for the Company: Work From Home Cybersecurity assessment and Enterprise Lead to Cash Review (including revenue assurance and billing).

External Audit

Following a tender exercise in year 2020, PricewaterhouseCoopers was appointed as External Auditors for the Company. In June 2021, the Shareholders approved the re-appointment of PricewaterhouseCoopers to audit the financial statements for the financial year 2021.

External Audit (Continued)

The Audit & Risk Committee has reviewed and reported to the Board on the clarity and accuracy of the financial statements. While conducting their reviews, the Committee considered the following:

- the accounting policies and practices applied;
- material accounting judgements and assumptions made by management or significant issues or audit risks identified by the external Auditor; and
- compliance with relevant accounting standards and other regulatory financial reporting requirements, including the Code.

All significant issues raised by the external auditors during the audit are reviewed and monitored at the level of the Audit & Risk Committee until they are fully addressed.

The external auditors are free to meet the Audit & Risk Committee without the presence of management should they wish to do so. No such meeting was required during the year under review. Nonetheless, the Chairman of the Audit & Risk Committee regularly consults the External Audit Partner.

The Board is regularly informed of all material matters being discussed at the level of the Audit & Risk Committee.

The fees paid to the External Auditors, for audit and other services were as follows:

	Year 2021	**Year 2020**
	Rs	**Rs**
Statutory audit services	**1,572,000**	**1,568,000**
Other services	**908,000**	**665,000**
TOTAL	**2,480,000**	**2,233,000**

The other services for year ended 31 December 2021 relate to tax consulting services, privacy gap assessment, the audit of financial information of MFS Trust and consultancy services for Mobile Financial Services

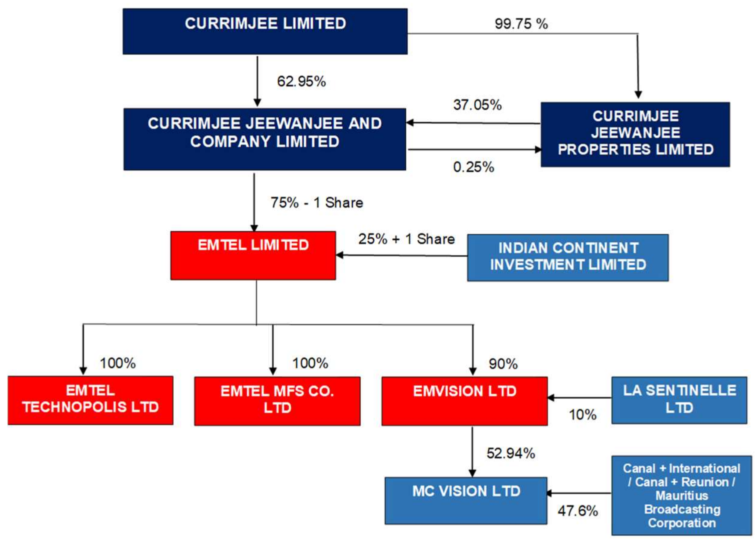
The Board ensures that provision of non-audit services by the External Audit Firm are delivered by a team of officers that is completely independent from the external audit team, to ensure that the Auditor’s objectivity and independence are safeguarded.

Principle 8 - Relations with Shareholders and Other Key Stakeholders

The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

CORPORATE GOVERNANCE REPORT

The stated capital of the Company consists of 15,180,000 Ordinary Shares of Rs 10 each. The shareholding structure of the Company as at 31 December 2021 was as set out below:



Key Stakeholders

The Company is committed to respond to the needs and expectations of its key stakeholders and takes into account their interests in its dealings with them. The Board ensures that information is delivered in an open, transparent, meaningful and regular manner to the stakeholders. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholders meetings, Website, Employee Engagement Surveys, Social Media, CJ News & Intranet, Communiqués).

In the context of the Covid-19 pandemic, the following additional measures were taken by the Company to ensure the health and safety and well-being of its employees:

- Staff awareness campaign via regular emails on Covid protocols by CEO, HR and respective leadership.
- All employees were fully equipped to work from home.
- Daily leadership meetings were conducted via zoom to ensure smooth running of operational and business matters.
- A vaccination plan was devised for all staff to be vaccinated at the Company's cost at the clinics with priority to frontline staff.
- Early salary processing to ease financial constraints for employees.

To continue seamless service and robust connectivity to its customers, the Company responded by ensuring network availability at 99.99%. The Data centre was up and running with 100% availability and all IT platforms remained fully operational.

CORPORATE GOVERNANCE REPORT

The Company also introduced customer relief propositions to alleviate the stress experienced by consumers and businesses in a COVID-19 world and ensuring continuity of customer service, including the following:

- Validity extension for prepaid mobile numbers without recharge to enable continuity of service;
- Not effecting disconnection for eligible customers;
- Call Center remained operational from work from home basis;
- Promptly addressing customer queries on Facebook by the internal customer service team;
- Regular communication with customers on Facebook, radio and via SMS and e-mails;
- Ensuring availability of scratch cards on the market and giving access to recharge cards in all main supermarkets;
- Stores remained open for delivery to B2C and B2B customers.
- 180 Corporate Connections (Mobile, Dongle, Wingle) and 546 Airbox were activated for Enterprise & individual customers.

Calendar of key events and publications

The calendar of key events for the year is as follows:

Shareholders' Agreement
The contents of the Shareholders' Agreement between CJ & CO LTD and Indian Continent Investment Limited in respect of the Company have not been disclosed due to their confidential nature.

Dividend Policy
The Company shall in every financial year distribute 95% of all free cash available each year upon satisfactorily passing the solvency test and after provision has been made for debt servicing, cash flow, business and investment requirements as well as capital expenditure and prudent financial provisioning. 95% of the remaining 5% of the Company's immediately previous financial year's free cash flow shall be paid out in the following financial year in addition to the dividend payable by the Company in such financial year, subject to the solvency test being satisfied and after provision has been made for cash flow, capital expenditure and prudent financial provisioning.

The Company declared and paid total dividends of Rs 516 million during the year (year 2020: Rs 364 million).

Approved by the Board of Directors on 18th March 2022.

.... Chairman

.... Director

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ("PIE"): Emtel Limited

Reporting Period: 01 January 2021 to 31 December 2021

We, the Directors of **Emtel Limited**, confirm to the best of our knowledge that the Company has complied with all material obligations and requirements under the Code of Corporate Governance. Reasons for non-compliance, as applicable, have been explained in the Corporate Governance Report, save and except for the following:

Website disclosures

The Board believes that all material information on the Company and its governance framework, as recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through the Annual Report & Financial Statements filed at the Registrar of Companies.

- **Principle 2 – The Structure of the Board and its Committees**

  The Company has not appointed an Independent Director as the Shareholders and the Board are of the view that its current size, mix of skills, competencies, expertise and knowledge enable it to carry out its duties and responsibilities in an effective and competent manner.

  Since the Company has not appointed an Independent Director, the Board is comfortable for the Audit & Risk Committee to be chaired by a Non-Executive Director.

- **Principle 4 - Director Duties, Remuneration and Performance**

  Board evaluation and development

  Evaluation of the Board, Board Committees or individual Directors have not been undertaken during the year under review.

SIGNED BY:

Names: ....
Chairman **Director**

Date: 18th March 2022

SECRETARY'S CERTIFICATE

UNDER SECTION 166(d) OF THE MAURITIUS COMPANIES ACT 2001

We certify that in terms of the compliance report as submitted and approved by the Board, the Company has filed with the Registrar of Companies, for the year ended 31 December 2021, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

Currimjee Secretaries Limited
Per Ramanuj Nathoo (Mr)
Secretary

Date: 18th March 2022

Independent Auditor's Report

To the Shareholders of
Emtel Limited

Report on the Audit of the Financial Statements of the Company standing alone

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Emtel Limited (the "Company") standing alone as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of Emtel Limited set out on pages 39 to 93 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Republic of Mauritius
Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number : F07000530

Independent Auditor's Report

To the Shareholders of Emtel Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the company information, the directors' report, the corporate governance report, the statement of compliance and the secretary's certificate but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirements of the Code. From our assessment of the disclosures made on the corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the Shareholders of
Emtel Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Responsibilities of the Directors for the Financial Statements (Continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

To the Shareholders of Emtel Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor, tax advisors and dealings in the ordinary course of business of the Company;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

PricewaterhouseCoopers, PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Republic of Mauritius
Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number : F07000530

Independent Auditor's Report

To the Shareholders of
Emtel Limited (Continued)

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Olivier Rey, licensed by FRC

31 March 2022

EMTEL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	Rs 000	Rs 000
Revenue from contracts with customers (Note 3)	**3,128,630**	3,091,239
Cost of operations	**(1,746,141)**	(1,608,644)
Gross profit	**1,382,489**	1,482,595
Selling and distribution expenses	**(335,667)**	(355,490)
Administrative expenses	**(455,651)**	(420,630)
Other income (Note 4)	**66,933**	80,507
Other gains / (losses) - net (Note 5)	**5,198**	(7,827)
Operating profit (Note 6)	**663,302**	779,155
Finance income (Note 8)	**2,554**	3,731
Finance costs (Note 8)	**(156,546)**	(131,593)
Finance costs – net (Note 8)	**(153,992)**	(127,862)
Profit before tax	**509,310**	651,293
Income tax expense (Note 9)	**(128,970)**	(99,172)
PROFIT FOR THE YEAR	**380,340**	552,121
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**181**	(767)
Revaluation of property, plant and equipment (Note 10)	**304,535**	-
Effect of deferred tax on revaluation of property, plant and equipment (Note 9(d))	**(38,681)**	-
Re-measurements of post-employment benefits obligations (Note 22)	**15,199**	(15,609)
Effect of deferred tax on re-measurement of post-employment benefits obligations (Note 9(d))	**(2,584)**	2,654
Other comprehensive income for the year	**278,650**	(13,722)
Total comprehensive income for the year	**658,990**	538,399

The notes on pages 44 to 93 form an integral part of the financial statements.

EMTEL LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	2021 Rs 000	2020 Rs 000 Restated	1 January 2020 Rs 000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment (Note 10)	**2,904,737**	2,620,936	2,386,280
Right-of-use assets (Note 11)	**714,402**	618,886	708,267
Intangible assets (Note 12)	**311,751**	323,172	387,276
Investment in subsidiaries (Note 13)	**1,205,000**	1,150,050	50
Financial assets at fair value through OCI (Note 14)	**1,153**	972	1,739
	5,137,043	4,714,016	3,483,612
Current assets			
Inventories (Note 15)	**36,651**	62,046	51,486
Trade and other receivables (Note 16)	**584,796**	366,813	377,164
Current tax receivables (Note 17)	**80,382**	80,382	80,382
Loan receivable	**-**	-	358,184
Cash and cash equivalents (Note 18)	**99,323**	263,964	219,671
	801,152	773,205	1,086,887
Total assets	**5,938,195**	5,487,221	4,570,499
EQUITY			
Stated capital (Note 19)	**151,800**	151,800	151,800
Other reserves	**1,133**	952	1,719
Revaluation reserves	**265,854**	-	-
Retained earnings	**965,587**	1,088,752	913,906
Total equity	**1,384,374**	1,241,504	1,067,425
LIABILITIES			
Non-current liabilities			
Borrowings (Note 20)	**2,426,024**	1,720,799	1,163,418
Lease liabilities (Note 11)	**657,453**	557,330	612,545
Deferred tax liabilities (Note 21)	**210,671**	153,757	143,320
Post-employment benefits obligations (Note 22)	**36,899**	50,867	32,179
Asset retirement obligations (Note 23)	**69,237**	73,799	49,612
	3,400,284	2,556,552	2,001,074
Current liabilities			
Borrowings (Note 20)	**287,632**	387,090	444,918
Lease liabilities (Note 11)	**115,875**	103,098	115,371
Trade and other payables (Note 24)	**533,585**	958,120	693,319
Deferred revenue (Note 25)	**125,134**	118,103	116,163
Provisions for solidarity levy (Note 9(c))	**47,324**	46,552	48,995
Current income tax liabilities (Note 9(b))	**43,987**	76,202	83,234
	1,153,537	1,689,165	1,502,000
Total liabilities	**4,553,821**	4,245,717	3,503,074
Total equity and liabilities	**5,938,195**	5,487,221	4,570,499

Authorised for issue by the Board of directors on 18th March 2022 and signed on its behalf:

DIRECTORS

The notes on pages 44 to 93 form an integral part of the financial statements.

EMTEL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Stated capital Rs 000	Other reserves Rs 000	Retained earnings Rs 000	Total equity Rs 000
At 1 January 2020	151,800	1,719	913,906	1,067,425
Comprehensive income				
Profit for the year	-	-	552,121	552,121
Items that will not be reclassified to profit or loss				
Changes in the fair value of financial assets	-	(767)	-	(767)
Re-measurements of post-employment benefits obligations (Note 22)	-	-	(15,609)	(15,609)
Effect of deferred tax on re-measurement of post-employment benefits obligations (Note 9(d))	-	-	2,654	2,654
Total comprehensive income	-	(767)	539,166	538,399
Transaction with owners				
Dividends (Note 26)	-	-	(364,320)	(364,320)
Total transaction with owners	-	-	(364,320)	(364,320)
At 31 December 2020	151,800	952	1,088,752	1,241,504

EMTEL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Stated capital Rs 000	Revaluation reserves Rs 000	Other reserves Rs 000	Retained earnings Rs 000	Total equity Rs 000
At 1 January 2021	**151,800**	**-**	**952**	**1,088,752**	**1,241,504**
Comprehensive income					
Profit for the year	**-**	**-**	**-**	**380,340**	**380,340**
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income	**-**	**-**	**181**	**-**	**181**
Revaluation adjustment	**-**	**304,535**	**-**	**-**	**304,535**
Effect of deferred tax on revaluation adjustment (Note 9(d))	**-**	**(38,681)**	**-**	-	**(38,681)**
Re-measurements of post-employment benefits obligations (Note 22)	**-**	**-**	**-**	**15,199**	**15,199**
Effect of deferred tax on re-measurement of post-employment benefits obligations (Note 9(d))	**-**	**-**	**-**	**(2,584)**	**(2,584)**
Total comprehensive income	**-**	**265,854**	**181**	**392,955**	**658,990**
Transaction with owners					
Dividends (Note 26)	**-**	**-**	**-**	**(516,120)**	**(516,120)**
Total transaction with owners	**-**	**-**	**-**	**(516,120)**	**(516,120)**
At 31 December 2021	**151,800**	**265,854**	**1,133**	**965,587**	**1,384,374**

The notes on pages 44 to 93 form an integral part of the financial statements.

EMTEL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	Rs 000	Rs 000
		Restated
Cash generated from operations (Note 29)	**1,183,064**	1,333,507
Taxation paid (Note 9)	**(131,580)**	(79,941)
Corporate Social Responsibility fund (Note 9)	**(13,814)**	(12,995)
Interest paid	**(142,542)**	(118,847)
Interest received	**2,243**	3,136
Contributions made for post-employment benefits obligations (Note 22)	**(11,014)**	(4,368)
Net cash generated from operating activities	**886,357**	1,120,492
Cash flows from investing activities		
Payment for investment of subsidiaries	**(504,950)**	(700,000)
Payments made for the purchase of property, plant and equipment (Note 10)	**(580,758)**	(685,171)
Payment made for the purchase of licences and IRU (Note 12)	**(34,042)**	(2,215)
Net proceed from disposal of property, plant and equipment	**5,216**	3,837
Dividend received from subsidiaries	**117,720**	-
Net cash used in investing activities	**(996,814)**	(1,383,549)
Cash flows from financing activities		
Proceeds from borrowings	**5,426,000**	4,730,000
Repayment of borrowings	**(5,276,625)**	(4,930,625)
Proceeds from issue of bond	**450,000**	700,000
Bond issue transaction costs	**(1,173)**	(7,723)
Lease payments (Note 11)	**(123,269)**	(114,269)
Refund of loan from Parent	**-**	358,184
Dividends paid (Note 26)	**(516,120)**	(364,320)
Net cash (used) / generated in financing activities	**(41,187)**	371,247
Net increase in cash and cash equivalents	**(151,644)**	108,190
Cash and cash equivalents at beginning of year	**183,635**	81,445
Exchange gains on cash and cash equivalents	**(1,538)**	(6,000)
Cash and cash equivalents at end of year (Note 18)	**30,453**	183,635

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and with the Mauritius Companies Act 2001.

The financial statements have been prepared on a historical cost basis, except for the revaluation of freehold land and buildings, financial assets at fair value through other comprehensive income and the post-employment benefits obligations, where the plan assets of the post-employment benefits obligations and the financial assets are measured at fair value.

Going Concern

The directors have assessed the principal and emerging risks and considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. This assessment covers the period to December 2022, where the directors took into account the Company's overall financial position and based on its financial forecast, the Company would generate sufficient cash to sustain it operations.

Consolidation

These separate financial statements contain information about Emtel Limited as an individual company and do not contain consolidated financial information as the parent of the Group. The Company has taken advantage of the exemption under IFRS 10 - "*Consolidated financial statements",* from the requirements to prepare consolidated financial statements as Emtel and its subsidiaries are included by full consolidation in the consolidated financial statements of its intermediary holding company, Currimjee Jeewanjee and Company Limited, incorporated in Mauritius. The minority interest, Indian Continent Investment Ltd has been informed and do not object to, the Company not presenting consolidated financial statements. The debt or equity instrument of the Company is not traded in a public market and nor is in the process of filing its financial statements with a security commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. The Currimjee Jeewanjee Group prepares consolidated financial statements, which comply with IFRS, and can be physically inspected at its registered address which is 38 Royal Street, Port Louis.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgments (continued)

- Depreciation charge on property, plant and equipment and right of use assets

Depreciation is calculated on the basis of the depreciation rates set out in the accounting policy note on Property, Plant and Equipment, on page 49. The depreciation rates have been estimated according to the respective Property, Plant and Equipment useful lives and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The useful lives are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

- Fair value measurement on property, plant and equipment

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Company's policy to revalue its freehold land and buildings at least every three years. The basis used is market value derived using the Market-based valuation Approach and independent valuers are used for such exercises. Please refer to note 2 and 10 for disclosure in relation to the fair value assumptions used.

- Lease term

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term is recognised through the non-cancellable period in the contract. Where leases include additional optional periods after an initial lease term, the Company applies significant judgement in determining whether these optional periods would be exercised which takes into consideration the cost of replacing the assets, its strategic geographical location and its future economic benefits.

- Provision for Asset Retirement Obligations

Management has estimated the costs of dismantling, removing antennas and restoring the leased sites to their original conditions. These costs have been provided in full in the financial statements. This assumes that the effect of the inflationary increase on the costs will be reduced on discounting such costs to their present values.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgments (continued)

- Post-employment benefits obligations

The present value of the post-employment benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation rate, salary growth rate and pension growth rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits obligations. Critical assumptions are made by the actuary in determining the present value of post-employment benefits obligations. These assumptions are set out in Note 22.

- Current tax receivables

The Mauritius Revenue Authority (MRA) had raised an assessment on the Company with respect to the income tax rate used for income tax years of assessments 2006/2007 and 2007/2008. The total amount claimed by the MRA has been paid under protest inclusive of the penalties and interest and the Company has lodged a case at the Supreme Court against the assessment by the MRA. According to the Company's legal advisors appointed to handle this matter, they believe that it is highly probable that the Company will have a positive outcome. Based on significant judgment that has been applied by the Company's directors, following advice from its legal advisor, no tax liability has been accounted with respect to this assessment. Given that the Company has already paid the amount of Rs 80.4 million to the MRA, this represents an asset (current tax receivable) for the Company.

In preparing the financial statements, the directors, in the process of applying the Company's accounting policies, did not make any judgement other than those involving estimates that could have a significant effect on the amounts recognised in the financial statements.

Application of new and revised international financial reporting standards

(i) New standards, amendments to existing standards and interpretation issued and effective for the first for the financial year beginning on 1 January 2021.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)
- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment

The Company has assessed all of the new standards, interpretations by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning 1 January 2021. There are no new standards and amendments to standards and interpretations that are effective for annual period beginning on 1 January 2021 that would relevant or have a material impact on the Company's financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application of new and revised international financial reporting standards (continued)

(ii) New standards, amendments and interpretations issued but effective for financial year beginning after 1 January 2022 and not been early adopted by the Company.

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021.

- IFRS 17, 'Insurance contracts'
- IFRS 17, Insurance contracts Amendments
- Amendment to IFRS 3, 'Business combinations' - Asset or liability in a business combination clarity
- Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract
- Annual improvements cycle 2018 – 2020
- Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

These new accounting standards and interpretations have not been early adopted by the Company and are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Changes in accounting policy and disclosures

The freehold land and building were reported under historical cost less depreciations in prior years and the management consider that these assets were not showing its current value in the financial statement, which undermines the Company current worth to the users of the financial statement. Therefore, these assets are now being valued at its fair value and the prior year adjustments were considered which has been reported under note 34 to the account.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investments in subsidiaries are recognised at cost (which includes transaction costs) in the separate financial statements of the Company.

Subsequently, where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Mauritian rupee, which is the functional currency of the Company. The financial statements are presented in thousands of Mauritian rupees (Rs 000), unless otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the profit or loss within ‘other gains / losses – net’.

Revenue recognition

The Company derives revenue from the provision of telecommunication services, such as rendering of services which includes: mobile revenue, roaming and interconnect, enterprise revenue, tower rental, deferred revenue; and from sales of telephone and equipment. Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, provided the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales taxes and discounts.

The policy set for revenue recognition is as follows:

- Rendering of services

(a) Mobile revenue

The Company provides telecommunication to its subscribers to have access to the telecommunication services such as unlimited data packs, post-paid bundle plan and voice and sms packs both on pre-paid and post-paid.

Post-paid revenue is measured at the fair value of the consideration received or receivable for services provided and equipment sales, net of discounts and valued added tax. Revenue is recognised based on their performance obligations at it corresponding transaction price.

Revenue from connection activities are recognised when it is earned, upon activation. Revenue from calls is recognised at the time the call is made over the Company’s network. Revenue from SMS is recognised when the SMS is submitted. Revenue from data is recognised on a data usage basis.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

- Rendering of services (continued)

(b) Roaming and interconnect

The Company has entered into international roaming agreement with foreign operators which allows network access to the mobile subscribers of one operator to the another operator. The roaming revenue generated is recognised when the services are rendered. Revenue for interconnection of voice and sms traffic between other telecommunication operators is recognised at the time the transit occurs in the Company's network.

(c) Enterprise revenue

The Company offers a "One-stop ICT solution Provider" to the enterprise business such as Data Centre and Cloud Services, Business Communications, Security and Network services. Revenue from enterprise services is recognised when the Company has performed the related service over its contractual period.

(d) Tower rental

Revenue derived from tower rental on sharing arrangement with other operators are recognised over the contractual period and upon its performance of its contractual obligation.

(e) Deferred revenue

Prepaid revenue from sales of airtime and data and payment are received upfront. The revenue is recognised based on actual usage by the customers and the remaining balance is accounted as deferred revenue.

- Sales of telephone and equipment

Revenue from the sale of equipment and related accessories, whether the sales is on stand-alone basis or with bundle services, is recognised when the equipment is delivered to the end-customer and its significant risks and rewards of ownership are transferred.

Property, plant and equipment

Freehold land and buildings including buildings on leasehold land are shown at fair value, based on a periodic but at least triennial valuation by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of freehold land and buildings and buildings on leasehold land are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used are:

Buildings	2.5% - 5%
Technical equipment	6.7%-33%
Motor vehicles	20%
Furniture, fixtures and fittings	20%
Office equipment	20%-50%

Depreciation starts as from the date the asset is available for use as intended by the directors.
No depreciation is charged in the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains / (losses) – net' in profit or loss. On disposal of revalued assets, the surplus on revaluation remaining in revaluation reserve for these assets is transferred to retained earnings.

Intangible assets

- Licences

Acquired licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which range between 3 to 15 years.

- Indefeasible Rights of Use ("IRU")

Capacity purchased on an Indefeasible Rights of Use ("IRU") basis is shown under "non-current assets" as intangible assets on the face of the statement of financial position. The IRU is amortised on a straight-line basis over the contract period, ranging from 3 years to 15 years from the effective date of the IRUs brought into use.

Financial assets at fair value through other comprehensive income

Investments that are non-derivatives have been designated as financial assets at fair value through other comprehensive income at initial recognition.

They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. Gains and losses arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The lease arrangement the Company has entered includes land and building and motor vehicles. The management assesses the contract to identify whether the right to control the use of an identified asset for a period of time in exchange for consideration has been transferred to the Company. Control exists if the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The Company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Right-of-use assets are subsequently adjusted for any re-measurement of lease liabilities and are subject to impairment testing. The depreciation rate on right-of-use assets is computed on straight line basis over the duration of the leases varying between 2 to 20 years.

In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred. For certain instances where it is impractical to separate the lease from the non-lease component, the Company will account for them as a single lease component.

However, the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease terms of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments to be made over the lease term:

- Fixed payments (including in-substance fixed payments), including non-recoverable payments that do not transfer a separate service, less any incentives receivable.
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate is determined at the interest rate which the Company has avail financing facilities through the local bank for acquiring assets of capital nature.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate.

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Company's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Company and the lessor to terminate the lease without a termination penalty. In determining whether the Company has an economic incentive to not exercise the termination option, the Company considers the broader economics of the contract and not only contractual termination payments.

As at 31 December 2021, a number of lease contracts relating to land and building and colocation, include renewal options for a pre-defined renewal periods. Due to the judgement exercised in relation to the determination of the lease term as outlined above, the Company is exposed to potential future cash outflows relating to an indefinite period which have not been included in the lease liability because it is not reasonably certain that the leases will be extended beyond the estimated lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for loss allowance.

The creation and release of provision for loss allowance on trade receivables has been included within administrative expenses' in the profit or loss. Amounts charged as loss allowance for doubtful debts account are generally written off, when there is no expectation of recovering additional cash.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings under current liabilities.

Restricted cash

The restricted cash as disclosed in Note 18, relates to cash held by the Company and subject to withdrawal restrictions and are therefore not available for general use by the Company.

Share capital

Ordinary shares are classified as 'stated capital' in equity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan or other borrowing facilities are recognised as transaction costs of the loan or borrowing facilities to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax, solidarity levy and Corporate Social Responsibility tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Net deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Net deferred tax liability is provided on taxable temporary differences arising from accelerated capital allowances, provision for loss allowance on trade receivables, provision for post-employment benefits obligations and on recognition of lease liability.

Asset Retirement Obligations

The provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including the removal of items included in plant and equipment that is erected on leased land.

The Company only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

A provision is made for the present value of the estimated future decommissioning costs at the end of life of the site/expected lease term. When this provision gives rise to future economic benefits, an asset is recognised at a pre-tax rate that reflects current market assessments of the time value of money. The increase in the decommissioning provision due to the passage of time is recognised as a finance cost.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-employment benefits obligations

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans. The schemes are generally funded through payments to Island Life Assurance Co. Ltd, determined by periodic actuarial calculations.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in profit or loss within employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid subject that the fund will at least cover the gratuity on retirement payable under the Workers' Right Act (WRA) 2019. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payments is available.

Where employees are not covered under any pension plan, the gratuity on retirement payable under the WRA 2019 are estimated and provided for.

Other employee benefits include items such as wages, salaries, social security contributions, travelling and medical insurance. These costs are charged to profit or loss when incurred.

(b) Other post-employment benefits obligations

The Company provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-employment benefits obligations (continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognised costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus plans

The Company recognises a liability and an expense for bonuses based on its financial performance. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and approved by the Company's shareholders.

Dividend income

Dividend income is recognised when the right to receive payment is established and accounted under other income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Roaming and Interconnect debtors and creditors are treated separately in the statement of financial position.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments

Financial instruments carried on the statement of financial position include financial assets at fair value through other comprehensive income, trade and other receivables, cash and cash equivalents, borrowings, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See note 2 for details about each type of financial asset.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

IFRS 9 divides all financial assets into two classifications - those measured at amortised cost and those measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI). For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVTOCI classification is an election. Furthermore, the requirements for reclassifying gains or losses recognised in other comprehensive income are different for debt instruments and equity investments. The classification of a financial asset is made at the time it is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortised cost. This comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment of financial assets

The Company assesses the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest-rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

The Company has financial assets and financial liabilities denominated in various foreign currencies, mainly to Euro ("EUR") and US Dollar ("USD"). Foreign exchange risk arises from commercial transactions with its suppliers, recognised assets and liabilities. Consequently, the Company is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

Management has set up a policy to their foreign exchange risk against their functional currency. The Company manages foreign currency exposures by forecasting its need for foreign currencies and retaining such amounts that will be necessary to settle purchases denominated in foreign currencies. Any excess foreign currencies are sold on the local market. The Company also has a banking facility to negotiate better rates for spot or forward transactions.

At 31 December 2021, if the Mauritian rupee had strengthened/weakened by 5% against the US dollar with all other variables held constant, pre-tax profit and equity for the year would have been higher/lower by **Rs 427,000** in 2021 (2020 – pre-tax profit would have been lower/higher by Rs 4,103,000), mainly as a result of foreign exchange differences on translation of US dollar-denominated trade receivables and bank balances, net of US dollar-denominated trade payables.

At 31 December 2021, if the Mauritian rupee had strengthened/weakened by 5% against the Euro with all other variables held constant, pre-tax profit and equity for the year would have been lower/higher by **Rs 253,000** in 2021 (2020 – pre-tax profit would have been lower/higher by Rs 355,000), mainly as a result of foreign exchange differences on translation of Euro-denominated trade payables, net of Euro-denominated trade receivables and bank balances.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2021 Rs 000	**Financial liabilities 2021 Rs 000**	Financial assets 2020 Rs 000	Financial liabilities 2020 Rs 000
United States dollar	**11,855**	**20,387**	106,284	24,231
Euro	**96,612**	**91,547**	137,606	130,497
Great Britain pound	**19**	**22**	3	16
Swiss franc	**13**	**6**	13	8
Mauritian rupee	**510,686**	**3,957,096**	335,305	3,630,278
	619,185	**4,069,058**	579,211	3,785,030

Prepayments of **Rs 52,280,000** (2020 – Rs 38,792,000), amount receivable from MRA of **Rs 13,079,000** (2020 – Rs 13,079,000), advance to suppliers of **Rs 728,000** (2020 – 667,000) and current tax receivables **Rs 80,382,000** (2020 – Rs 80,382,000) are excluded from financial assets. VAT payable of **Rs 28,073,000** (2020 – Rs 24,833,000), provisions of solidarity levy of **Rs 47,324,000** (2020 – Rs 46,552,000), deferred tax liabilities of **Rs 210,671,000** (2020 – Rs 153,757,000), post-employment benefits of **Rs 36,899,000** (2020 – Rs 50,867,000), current income tax liabilities of **Rs 43,987,000** (2020 – Rs 76,202,000), deferred revenue of **Rs 125,134,000** (2020 –Rs 118,103,000) and prepaid bond issue cost **Rs 7,325,000** (2020 – 9,627,000) are excluded from financial liabilities.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Price risk

The Company's exposure to equity securities price risk arises from investment held by the Company and classified in the statement of financial position as Financial assets at fair value through other comprehensive income.

(iii) Interest rate risk

The Company's income and cash flows may be affected by changes in market interest rates. The Company's policy is to maximise returns on interest-bearing assets. The Company's interest rate risk arises from bank loans (including overdraft) which are issued at variable interest rate and cash and cash equivalents (excluding restricted cash). The debts contracted at fixed interest rate is not exposed to interest rate risk.

	2021	2020
	Rs 000	Rs 000
Gross debt – fixed interest rates	**2,391,815**	1,948,112
Gross debt – variable interest rates	**329,166**	169,404
Total debt	**2,720,981**	2,117,516
Debt exposed to interest rate risk	**12.08%**	8.00%

Based on the simulations performed, at 31 December 2021, if interest rate on the bank loans (including overdraft) had increased/(decreased) by 0.5%, with all other variables held constant, the pre-tax profit for the year would have increased/decreased by **Rs 1,641,000** (2020 – pre-tax profit would have decrease / increase by Rs 71,555), respectively.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents and credit exposures from trade and other receivables. Credit risk is managed on a company-wide basis.

For banks, the Company transacts only with highly reputable financial institutions. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the Company is dealing with. In the opinion of the Company, there is no associated risk as these are reputable institutions in the industry.

The credit rating of the main bank are as follows:

Banks	**Moody's Agency Credit Ratings**
Mauritius Commercial Bank Ltd	Ba1
Absa Bank (Mauritius) Limited (ABSA Group Ltd)	Ba2
SBM Bank (Mauritius) Ltd	Ba2

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in GDP and other risk factors. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for defined period of days past due.

The Company has policies in place to control the level of debts and to ensure that sales of products and services are made to customers with an appropriate credit history. Such policies include credit vetting before connection, monthly credit limit and disconnection of subscribers on non-payment of invoices.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year Rs 000	**Between 1 and 2 years Rs 000**	**Between 2 and 5 years Rs 000**	**After 5 Years Rs 000**	**Total Rs 000**
At 31 December 2021					
Borrowings	**386,688**	**429,209**	**1,697,492**	**671,739**	**3,185,128**
Lease liabilities	**152,043**	**148,377**	**340,976**	**304,862**	**946,258**
Asset retirement obligation	**-**	**-**	**-**	**99,546**	**99,546**
Trade and other payables	**505,512**	**-**	**-**	**-**	**505,512**
	1,044,243	**577,586**	**2,038,468**	**1,076,147**	**4,736,444**

	Less than 1 year Rs 000	Between 1 and 2 years Rs 000	Between 2 and 5 years Rs 000	After 5 Years Rs 000	Total Rs 000
At 31 December 2020					
Borrowings	464,352	108,879	1,021,289	938,869	2,533,389
Lease liabilities	136,532	107,654	260,799	338,989	843,974
Asset retirement obligation	-	-	-	94,378	94,378
Trade and other payables	933,287	-	-	-	933,287
	1,534,171	216,533	1,282,088	1,372,236	4,405,028

VAT payable of **Rs 28,073,000** (2020 – Rs24,833,000) are excluded from Trade and other payables.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non–current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021 **Rs 000**	2020 Rs 000 Restated
Total borrowings –excluding transaction costs (Note 20)	**2,720,981**	2,117,516
Less: Cash and cash equivalents (Note 18)	**(30,453)**	(183,635)
Net debt	**2,690,528**	1,933,881
Total equity	**1,384,374**	1,241,504
Total capital	**4,074,902**	3,175,385
Gearing ratio	**66%**	61%

The Company gearing ratio at 31 December 2021 is 66%, which is below the financial covenant imposed by the bank.

(e) Fair Value Estimation

The fair value of financial assets at fair value through OCI that are traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying amounts of loans and receivables less impairment provision, cash and cash equivalents, borrowings, lease liabilities, trade and other payables and deferred revenue are assumed to approximate their fair values. The carrying values of financial liabilities also approximate their fair values.

- Fair values hierarchy

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair Value Estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Company has classified the financial assets at fair value through other comprehensive income as level 1. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and financial assets at fair value through other comprehensive income) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The Company has amended its accounting policy and freehold land and building which were previously reported at cost are now measured at fair value and has been classified as level 2. The policy is to revalue the freehold and building at least every three years and the preceeding revaluation was conducted on 30 September 2021.

The following table represents the assets measured at fair value at 31 December 2021 and 2020:

At 31 December 2021	**Level 1**	**Level 2**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Financial assets at fair value through OCI			
- Equity shares	**1,153**	**-**	**1,153**
Land and buildings	**-**	**498,750**	**498,750**
Total assets	**1,153**	**498,750**	**499,903**

At 31 December 2020	Level 1	Total
	Rs 000	Rs 000
Financial assets at fair value through OCI		
- Equity shares	972	972
Total assets	972	972

The Company is exposed to equity securities price risks. If the fair value of the investments increases/ decreases by 5%, other factors remaining unchanged, the Company’s profit for the year and financial assets (financial assets at fair value through OCI) would increase/decrease by **Rs 48,000** (2020 – Rs 40,000).

The sensitivity analysis of an increase/decrease by 1% in price per square meter, other factors remaining unchanged, on the the fair value Company’s freehold land and buildings, its profit for the year and its valuation of the land and buildings (revaluation reserves through OCI) would have increase/decrease by **Rs 4,306,000**.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

At 31 December 2021

	Financial Assets at amortised cost Rs 000	**Financial Asset at FVTOCI Rs 000**	**Total Rs 000**
Assets as per statement of financial position			
Financial assets at FVTOCI	**-**	**1,153**	**1,153**
Trade and other receivables	**518,709**	**-**	**518,709**
Cash and cash equivalents	**99,323**	**-**	**99,323**
Total	**618,032**	**1,153**	**619,185**

	Other financial liabilities at amortised cost Rs 000	**Total Rs 000**
Liabilities as per statement of financial position		
Borrowings	**2,720,981**	**2,720,981**
Lease liabilities	**773,328**	**773,328**
Asset retirement obligation	**69,237**	**69,237**
Trade and other payables excluding non-financial liabilities	**505,512**	**505,512**
Total	**4,069,058**	**4,069,058**

At 31 December 2020

	Financial Assets at amortised cost Rs 000	Financial Asset at FVTOCI Rs 000	Total Rs 000
Assets as per statement of financial position			
Financial assets at FVTOCI	-	972	972
Trade and other receivables	314,275	-	314,275
Cash and cash equivalents	263,964	-	263,964
Total	578,239	972	579,211

	Other financial liabilities at amortised cost Rs 000	Total Rs 000
Liabilities as per statement of financial position		
Borrowings	2,117,516	2,117,516
Lease liabilities	660,428	660,428
Asset retirement obligation	73,799	73,799
Trade and other payables excluding non-financial liabilities	933,287	933,287
Total	3,785,030	3,785,030

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 REVENUE FROM CONTRACT WITH CUSTOMERS

	2021 Rs 000	2020 Rs 000
Sale of telephone and equipment	**354,620**	276,996
Rendering of services	**2,774,010**	2,814,243
	3,128,630	3,091,239
Timing of revenue recognition		
At a point in time	**354,620**	276,996
Over time	**2,774,010**	2,814,243
	3,128,630	3,091,239
Total revenue generated by the provision of international roaming service to inbound roamers (include only inbound roaming)	**49,589**	66,698
	Minutes	Minutes
Number of minutes from incoming international calls terminating in Mauritius	**1,427,624**	1,712,571

4 OTHER INCOME

	2021 Rs 000	2020 Rs 000
Management fee	**10,000**	8,333
Dividend income	**46,800**	70,920
Other income	**10,133**	1,254
	66,933	80,507

5 OTHER GAINS / (LOSSES) – NET

	2021 Rs 000	2020 Rs 000
Other gains		
Profit on disposal of property, plant and equipment	**4,041**	2,689
Other gains	**1,882**	181
Foreign exchange gain	**219**	-
	6,142	2,870
Other Losses		
Foreign exchange loss	**-**	(6,518)
Property, plant and equipment and intangibles written off	**(944)**	(4,179)
	(944)	(10,697)
Other gains / (losses) - net	**5,198**	(7,827)

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 OPERATING PROFIT

	2021 Rs 000	2020 Rs 000 Restated
The following items have been charged in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 10):		
Owned assets		
- Buildings	**10,330**	9,066
- Buildings improvements	**1,621**	866
- Technical equipment	**409,923**	339,250
- Motor vehicles	**33**	996
- Furniture, fixtures and fittings	**8,964**	6,501
- Office equipment	**101,479**	77,510
Depreciation on right-of-use assets (Note 11)	**142,535**	136,343
Amortisation of licence and IRU (Note 12)	**45,463**	61,856
Advertising and promotion	**38,083**	39,273
Commission to dealers	**68,593**	72,111
Consultancy fees	**14,910**	13,393
Employee benefits expense (Note 7)	**427,066**	433,893
Cost of inventories expensed	**339,603**	279,397
Repairs and maintenance costs	**106,537**	96,891
Increase in loss allowance on trade receivables (Note 16)	**14,495**	18,498
Audit fees	**1,572**	1,568
Non-audit fees	**908**	665
Business Support Services fees (Note 28 (vi))	**75,088**	74,190
Solidarity levy tax on turnover (Note 9)	**47,141**	46,552
Property, plant and equipment write off – asset in progress (Note 10)	**1,622**	2,477
	=========	=========

Cost of operations includes interconnect expenses, roaming costs, network operational expenses and cost of inventories expensed.

7 EMPLOYEE BENEFITS EXPENSE

	2021 Rs 000	2020 Rs 000
Wages and salaries	**273,810**	283,922
Social security cost	**15,971**	11,507
Pension cost – defined contribution plans	**15,585**	13,328
Pension costs – defined benefit plans (Note 22)	**12,245**	7,447
Other costs:		
Training costs	**1,632**	2,064
Bonus and commissions	**57,442**	68,619
Other commissions	**30,086**	30,147
Recruitment costs	**1,467**	287
Staff Welfare	**18,828**	16,572
	---------	---------
	427,066	433,893
	=========	=========

	2021 Number	2020 Number
Number of employees at end of year	**422**	411
	=========	=========

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8 FINANCE COSTS – NET

	2021 Rs 000	2020 Rs 000
Finance income		
Interest income	**2,554**	3,136
Unwinding of asset retirement obligation (Note 23)	**-**	595
	2,554	3,731
Finance costs		
Interest payable on:		
Bank overdrafts	**(45)**	(200)
Loans	**(10,129)**	(12,722)
Bonds	**(98,420)**	(71,246)
Interest and finance charges for lease liabilities	**(38,038)**	(39,152)
Amortisation of bond issue transaction costs	**(3,475)**	(3,428)
Unwinding of asset retirement obligations (Note 23)	**(4,901)**	-
Foreign exchange loss	**(1,538)**	(4,845)
	(156,546)	(131,593)
Finance costs - net	**(153,992)**	(127,862)

9 TAXATION

(a) Recognised in profit or loss

This note provides an analysis of the Company's tax expense, showing the amount recognised under the administrative expenses and income tax expense.

The schedule below shows the charge during the year:

	2021 Rs 000	2020 Rs 000
Recognised under administrative expenses		
Solidarity levy charge on revenue	**47,141**	46,552
Recognised under income tax expense		
Income tax expense	**128,970**	99,172

Taxes paid during the year are as follows:

	2021 Rs 000	2020 Rs 000
Income tax	**100,376**	86,559
Solidarity levy on profit	**31,346**	(6,441)
Adjustment for tax deduction at source	**(142)**	(177)
Income tax (net)	**131,580**	79,941
Corporate Social Responsibility	**13,814**	12,995
Taxation paid	**145,394**	92,936

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9 TAXATION (CONTINUED)

(b) Income tax

The Company is liable to income tax on its profit, as adjusted for income tax purposes, at the rate of **17**% (2020 – 17%), including CSR of **2**% (2020 – 2%).

	2021 Rs 000	2020 Rs 000
Charge for the year:		
Based on profit for the year, as adjusted for tax purposes	**73,235**	84,950
Movement in deferred tax (Note 21)	**15,649**	13,091
Solidarity levy based on book profit	**25,482**	29,854
Corporate Social Responsibility (CSR) fund	**9,765**	11,327
Income tax and CSR adjustment for prior year	**4,839**	(40,050)
Income tax expense	**128,970**	99,172

The following tax rules were applicable during the year ended 31 December 2021:

- Solidarity levy

The Solidarity levy on telephony service providers was introduced in 2009 and has subsequently been extended further. In the Finance Act 2020, Solidarity levy has been made permanent whereby every profitable providers of fixed and mobile telephone services shall be liable to pay a solidarity levy of 5% of accounting profit (i.e. derived by an operator from all its activities and computed in accordance with IFRS) and 1.5% of turnover in respect of the preceding year.

Following the judgment in the case MT / Cellplus vs MRA on the application of the solidarity levy on profit before tax compared to book profit, the company has adjusted Rs 40m for the solidarity levy payable on profit over accrued and paid for year 2014 to 2019.

	Current Income tax liabilities 2021 Rs 000	**Solidarity Levy based on profit 2021 Rs 000**	**Corporate Social Responsibility 2021 Rs 000**	**Total 2021 Rs 000**
At 1 January	**31,463**	**29,854**	**14,885**	**76,202**
Charge for the year	**73,235**	**25,482**	**9,765**	**108,482**
Adjustment for prior year	**2,951**	**1,493**	**395**	**4,839**
Paid during the year	**(100,376)**	**(31,346)**	**(13,814)**	**(145,536)**
At 31 December	**7,273**	**25,483**	**11,231**	**43,987**

	Current Income tax liabilities 2020 Rs 000	Solidarity Levy based on profit 2020 Rs 000	Corporate Social Responsibility 2020 Rs 000	Total 2020 Rs 000
At 1 January	33,047	33,634	16,553	83,234
Charge for the year	84,950	29,854	11,327	126,131
Adjustment for prior year	25	(40,075)	-	(40,050)
Paid during the year	(86,559)	6,441	(12,995)	(93,113)
At 31 December	31,463	29,854	14,885	76,202

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9 TAXATION (CONTINUED)

(c) Provision for solidarity levy

The provision relates to solidarity levy charge on revenue. The movement in provision is as follows:

	2021	2020
	Rs 000	Rs 000
At 1 January	**46,552**	48,995
Charge for the year	**47,324**	46,552
Adjustment for prior year	**(183)**	-
Paid during the year	**(46,369)**	(48,995)
At 31 December	**47,324**	46,552

(d) The tax (charge)/ credit relating to components of other comprehensive income is as follows:

		2021	
	Before Tax	**Tax (charge) / credit**	**After Tax**
	Rs 000	**Rs 000**	**Rs 000**
Revaluation of Land and Building	**304,535**	**(38,681)**	**265,854**
Re-measurements of post-employment benefits obligations (Note 22)	**15,199**	**(2,584)**	**12,615**
Other comprehensive income	**319,734**	**(41,265)**	**278,469**
Current tax		**-**	
Deferred tax (Note 21)		**(41,265)**	

		2020	
	Before Tax	Tax (charge) / credit	After Tax
	Rs 000	Rs 000	Rs 000
Re-measurements of post-employment benefits obligations (Note 22)	(15,609)	2,654	(12,955)
Other comprehensive income	(15,609)	2,654	(12,955)
Current tax		-	
Deferred tax (Note 21)		2,654	

A reconciliation between the effective rate of income tax of the Company of **25.32%** (2020 – 15.23%) and the applicable income tax rate of **17%** (2020 – 17%) follows:

	2021	2020
(As a percentage of profit before tax)	**%**	%
Applicable income tax rate	**17.00**	17.00
Impact of:		
Non-tax deductible expenses	**3.01**	0.43
Income not subject to tax	**(1.56)**	(1.85)
Solidarity levy based on revenue – (Non deductible)	**1.57**	1.22
Solidarity levy based on book profit	**5.30**	(1.57)
Effective tax rate	**25.32**	15.23

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rs 000	Buildings improvements Rs 000	Technical equipment Rs 000	Motor vehicles Rs 000	Furniture, fixtures and fittings Rs 000	Office equipment Rs 000	Asset in progress Rs 000	Total Rs 000
Cost or valuation:								
At 1 January 2020	379,381	34,616	4,375,666	23,824	124,841	1,113,725	429,630	6,481,683
Additions	-	-	397,581	-	1,452	53,342	201,786	654,161
Disposals	-	-	(12,575)	(6,855)	-	(2,579)	-	(22,009)
Write off	-	-	(44,377)	-	(763)	(233)	-	(45,373)
Transfer	-	-	139,014	-	-	38,893	(177,907)	-
ARO adjustment	-	-	24,432	-	-	-	-	24,432
Transfer to inventories	-	-	-	-	-	-	(5,649)	(5,649)
Other adjustments	-	-	-	-	-	-	(2,477)	(2,477)
At 31 December 2020	**379,381**	**34,616**	**4,879,741**	**16,969**	**125,530**	**1,203,148**	**445,383**	**7,084,768**
Additions	**-**	**-**	**335,901**	**-**	**8,179**	**51,683**	**133,986**	**529,749**
Disposals	**-**	**-**	**(21,596)**	**(10,034)**	**(1,499)**	**(6,945)**	**-**	**(40,074)**
Write off	-	**-**	**(88,817)**	**-**	**(6,422)**	**(83,922)**	**-**	**(179,161)**
Revaluation of assets	**304,535**	**-**	**-**	**-**	**-**	**-**	**-**	**304,535**
Transfer	**3,682**	**-**	**362,632**	**-**	**5,083**	**28,312**	**(399,709)**	**-**
ARO adjustment	**-**	**-**	**(12,026)**	**-**	**-**	**-**	**-**	**(12,026)**
Transfer to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**(2,172)**	**(2,172)**
Other adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**(1,622)**	**(1,622)**
Reclassification	**(96,015)**	-	9,102	-	11,245	75,668	-	-
At 31 December 2021	**591,583**	**34,616**	**5,464,937**	**6,935**	**142,116**	**1,267,944**	**175,866**	**7,683,997**

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings Rs 000	Buildings improvements Rs 000	Technical equipment Rs 000	Motor vehicles Rs 000	Furniture, fixtures and fittings Rs 000	Office equipment Rs 000	Asset in progress Rs 000	Total Rs 000
Accumulated depreciation:								
At 1 January 2020	101,866	14,134	2,860,643	22,795	108,672	987,293	-	4,095,403
Charge for the year	9,066	866	339,250	996	6,501	77,510	-	434,189
Disposals adjustment	-	-	(11,588)	(6,855)	-	(2,579)	-	(21,022)
Write off	-	-	(44,001)	-	(603)	(134)	-	(44,738)
At 31 December 2020	**110,932**	**15,000**	**3,144,304**	**16,936**	**114,570**	**1,062,090**	**-**	**4,463,832**
Charge for the year	**10,330**	**1,621**	**409,923**	**33**	**8,964**	**101,479**	**-**	**532,350**
Disposals adjustment	**-**	**-**	**(20,550)**	**(10,034)**	**(1,449)**	**(6,866)**	**-**	**(38,899)**
Write off	**-**	**-**	**(87,791)**	**-**	**(6,351)**	**(83,881)**	**-**	**(178,023)**
Reclassification in class of assets	**(28,429)**	**-**	**2,711**	**-**	**3,757**	**21,961**	**-**	**-**
At 31 December 2021	**92,833**	**16,621**	**3,448,597**	**6,935**	**119,491**	**1,094,783**	**-**	**4,779,260**
Net book value:								
At 31 December 2021	**498,750**	**17,995**	**2,016,340**	**-**	**22,625**	**173,161**	**175,866**	**2,904,737**
At 31 December 2020	268,449	19,616	1,735,437	33	10,960	141,058	445,383	2,620,936
At 31 December 2019	277,515	20,482	1,515,023	1,029	16,169	126,432	429,630	2,386,280

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair values of land and buildings

The Company has reviewed its policy on measuring its freehold land and buildings which was based on cost and now valued at fair value in accordance to IAS 8 and disclosed in Note 34. The land and buildings were revalued, based on fair value model, on 30 September 2021 by the directors and by an independent valuer, Noor Dilmohamed & Associates, Fellow of the Australian Property Institute. The valuation was arrived at taking into consideration recent sale for comparable properties in the region and with reference to open market values.

The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and is shown in revaluation reserves' in shareholders' equity.

The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in the revaluation reserves in shareholders' equity.

Significant other observable inputs (Level 2)

	2021
	Rs 000
Recurring fair value measurements	
Land	**62,333**
Building	**203,521**
	265,854

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

During the year, the Company has written off Rs 179 million of its assets, which mostly has been fully depreciated and does not have any value in use. These assets consist of licences on technical equipment for the maintenance that has elapsed in the year 2021 and office equipment that are either damaged or obsolete.

Asset in progress mainly includes technical equipment acquired by the Company which was not ready for use at 31 December 2021.

Payments for the purchase of property, plant and equipment during the year are as follows:

	2021	2020
	Rs 000	Rs 000
Additions to property, plant and equipment	**529,749**	654,161
Unpaid at 1 January	**118,039**	150,157
Unpaid at 31 December	**(64,273)**	(118,039)
ARO provision for the year	**(2,757)**	(1,108)
Payments for purchase of property, plant and equipment	**580,758**	685,171

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11 LEASES

This note provides information for leases where the Company is a lessee.

Amounts recognised in the balance sheet

Right-of-use assets

	Land & building Rs 000	Colocation of cellsites Rs 000	Motor vehicles Rs 000	Total Rs 000
At 1 January 2020	562,556	139,620	6,091	708,267
Additions	11,619	36,409	4,629	52,657
Depreciation	(84,390)	(49,093)	(2,860)	(136,343)
De-recognition	-	(5,695)	-	(5,695)
At 31 December 2020	**489,785**	**121,241**	**7,860**	**618,886**
Additions	**104,889**	**150,614**	**6,283**	**261,786**
Depreciation	**(89,070)**	**(50,495)**	**(2,970)**	**(142,535)**
De-recognition	**(23,400)**	**-**	**(335)**	**(23,735)**
At 31 December 2021	**482,204**	**221,360**	**10,838**	**714,402**

Lease liabilities

	Land & building Rs 000	Colocation of cellsites Rs 000	Motor vehicles Rs 000	Total Rs 000
At 1 January 2020	578,756	142,858	6,302	727,916
Additions	11,619	36,409	4,629	52,657
Interest expense	30,769	7,734	649	39,152
Payments	(97,065)	(53,020)	(3,336)	(153,421)
De-recognition	-	(5,876)	-	(5,876)
At 31 December 2020	**524,079**	**128,105**	**8,244**	**660,428**
Additions	**104,889**	**150,614**	**6,283**	**261,786**
Interest expense	**29,079**	**8,377**	**582**	**38,038**
Payments	**(103,905)**	**(53,919)**	**(3,483)**	**(161,307)**
De-recognition	**(25,253)**	**-**	**(364)**	**(25,617)**
At 31 December 2021	**528,889**	**233,177**	**11,262**	**773,328**

	2021 Rs 000	2020 Rs 000
Current	**115,875**	103,098
Non-current	**657,453**	557,330
At 31 December	**773,328**	660,428

The future cash outflows on the lease liabilities are disclosed under the financial risk management, liquidity risk (Note 2(c)).

11 LEASES (CONTINUED)

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
	Rs 000	Rs 000
Depreciation charge of right-of-use assets	**142,535**	136,343
Interest expense (included in finance cost)	**38,038**	39,152
Expense relating to short term leases that are recognised in profit or loss	**225**	412
Total lease payment inclusive of short term leases	**161,531**	153,241
Expense relating to variable lease payments not included in lease liabilities	**23,293**	33,967

12 INTANGIBLE ASSETS

	Licence	**IRU**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Cost:			
At 1 January 2020	78,027	660,156	738,183
Additions	1,944	271	2,215
Intangibles write off	-	(5,497)	(5,497)
At 31 December 2020	**79,971**	**654,930**	**734,901**
Additions	**34,042**	**-**	**34,042**
At 31 December 2021	**114,013**	**654,930**	**768,943**
Accumulated Amortisation:			
At 1 January 2020	51,026	299,881	350,907
Charge for the year	5,599	56,257	61,856
Write off	-	(1,034)	(1,034)
At 31 December 2020	**56,625**	**355,104**	**411,729**
Charge for the year	**6,637**	**38,826**	**45,463**
At 31 December 2021	**63,262**	**393,930**	**457,192**
Net book value:			
At 31 December 2021	**50,751**	**261,000**	**311,751**
At 31 December 2020	23,346	299,826	323,172

Intangible assets consist of acquired licences from the Information and Communication Technologies Authority (ICTA) and capacity purchased on an Indefeasible Rights of Use ("IRU"). The IRU is amortised on a straight-line basis over the contract period from the effective date of the IRUs was brought into use.

13 INVESTMENT IN SUBSIDIARIES

The Company owns a 100% shareholding in Emtel MFS Co Ltd with a paid-up capital of Rs 5,000,000. Emtel MFS Co Ltd was set-up to act as a trustee for the Trust "MFS Trust Co Ltd", carrying out mobile banking and mobile payment services, regarding the Mobile Financial Services provided by the Company. During the year 2021, Emtel has further invested Rs4,950,000 to cater for the FinTech project undertaken by its subsidiary.

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Company has acquired EMVision during the year 2020 for a purchase consideration of Rs1.15m which represents 90% of the stated capital. As per the purchase agreement, the Company paid Rs 700 million in March 2020 at completion and the final instalment was paid during the year 2021 (Note 24 and Note 28 (xi)).

In year 2021, the Company has set up a new 100% shareholding company, Emtel Technopolis Ltd with a paid-up share capital of Rs50 million. This new subsidiary will engage in providing the building and infrastructure for the satellite farming project.

The directors have reviewed the financial position of the subsidiaries at 31 December 2021 and are of the opinion that these investments have not suffered any impairment in the current year (2020: Nil).

	2021	2020
	Rs 000	Rs 000
At 01 January	**1,150,050**	50
Additions	**54,950**	1,150,000
At 31 December	**1,205,000**	1,150,050

Payments for the investment in subsidiaries during the year are as follows:

	2021	2020
	Rs 000	Rs 000
Additions	**54,950**	1,150,000
Unpaid at 1 January (Note 24 and Note 28 (xi))	**450,000**	-
Unpaid at 31 December	**-**	(450,000)
Payments for investment in subsidiaries	**504,950**	700,000

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	Rs 000	Rs 000
At fair value:		
At 1 January	**972**	1,739
Movement in fair value	**181**	(767)
At 31 December (Note 2(e))	**1,153**	972

The financial assets represent investment in equity securities.

15 INVENTORIES

	2021	2020
	Rs 000	Rs 000
Telephone sets, related spares and accessories:		
At cost	**36,484**	60,948
At net realisable value	**167**	1,098
	36,651	62,046

16 TRADE AND OTHER RECEIVABLES

	2021 Rs 000	2020 Rs 000
Trade receivables	**248,101**	255,268
Less: Loss allowance on trade receivables	**(96,291)**	(93,291)
	151,810	161,977
Prepayments	**52,280**	38,792
Advance to supplier	**728**	667
Deposit	**10,363**	8,735
Amount receivable from MRA	**13,079**	13,079
Accrued income	**63,098**	40,206
Other receivables	**25,886**	6,049
Receivable from related parties (Note 28 (viii) & (ix) & (x))	**267,552**	97,308
	584,796	366,813

The accrued income mainly consist of inbound roaming commitment. The Company has a discount agreement with some of its roaming partners for a guaranteed send or pay commitment to our network over a defined period. At end of each period, the Company assess the actual revenue generated through the contract and provide for any shortfall in revenue based on the guaranteed roaming revenue commitment.
Accrued income is thus accounted for as a receivable as the amount will be recovered in the short term from the respective roaming partner after all services have already been rendered.

MRA – tax assessments

VAT
The Company has made representations to the ARC with respect to an assessment raised by MRA for an amount of Rs 13 million which the Company has paid under protest for VAT on discount for roaming services. The case was partly heard in early 2021 and with the on-going Covid situation and the change in the committee hearing Emtel's representations, the case has to be started anew.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for the trade receivables:

31 December 2021	**Current**	**Up to 1 month past due**	**1 to 2 month past due**	**Over 2 months past due**	**Total**
Expected loss rate	**0.79%**	**3.34%**	**12.76%**	**89.88%**	
Gross carrying value (Rs 000)	**95,862**	**39,347**	**9,015**	**103,877**	**248,101**
Loss allowance (Rs 000)	**765**	**1,313**	**1,150**	**93,063**	**96,291**

31 December 2020	Current	Up to 1 month past due	1 to 2 month past due	Over 2 months past due	Total
Expected loss rate	0.72%	3.85%	8.83%	95.09%	
Gross carrying value (Rs000)	107,120	40,113	13,627	94,408	255,268
Loss allowance (Rs000)	775	1,545	1,203	89,768	93,291

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

The other classes including the amount due from related parties within trade and other receivables do not contain impaired assets.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2021	2020
	Rs 000	Rs 000
Mauritian rupee	**551,552**	344,540
United States dollar	**9,317**	10,190
Euro	**23,895**	12,067
Great Britain pound	**19**	3
Swiss franc	**13**	13
	584,796	366,813

Movements on the Company's loss allowance on trade receivables are as follows:

	2021	2020
	Rs 000	Rs 000
At 1 January	**93,291**	127,221
Receivables written off during the year as uncollectible	**(11,495)**	(52,428)
Increase in loss allowance recognised in profit of loss during the year	**14,495**	18,498
At 31 December	**96,291**	93,291

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Company does not hold any collateral as security.

17 CURRENT TAX RECEIVABLES

	2021	2020
	Rs 000	Rs 000
Amount receivable from MRA	**80,382**	80,382

The amount receivable from MRA was previously reported under the trade and other receivables. The Company has reclassified this amount under the current tax receivables and the prior years were adjusted which has been disclosed in note 34.

MRA – tax assessments

Income tax

Following a disagreement with the Mauritius Revenue Authority (MRA) as regards whether the concessionary tax rate of 15% continued to apply to the Company in the years 2005 and 2006 (instead of 25% and 22.5% respectively as was then applicable), the Company paid the total amount claimed by the MRA of Rs 80.4 million (tax assessment of Rs 47.8 million plus penalties and interest of Rs 32.6 million). After objecting to the MRA's assessments, the Company then lodged representations before the ARC. In November 2013, the ARC dismissed Emtel's representations. The Company appealed to the Supreme Court against the ARC's determination. Those appeals are pending before the Supreme Court.

17 CURRENT TAX RECEIVABLES (CONTINUED)

In parallel to those two appeals, Emtel is contesting before the Supreme Court the MRA's refusal to allow it to join the Voluntary Disclosure of Income Arrangement (VDIA) Scheme for those same years 2005 and 2006. The VDIA proceedings were heard on 13 March 2018 and judgment is awaited.
Pending the determination of those three cases, the payments made to the MRA have been recorded as a receivable from the MRA as the Board of the Company is confident that the matter shall be resolved positively.

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents and in hand comprise the following statement of financial position amounts:

	2021	2020
	Rs 000	Rs 000
Cash and cash equivalents	**30,453**	183,635
Restricted cash	**68,870**	80,329
	99,323	263,964

For the purpose of the statement of cash flows, cash and cash equivalents excluding restricted cash amounts to **Rs 30,453,000** (2020 – Rs 183,635,000). The restricted cash held at local banks represents the amount which the company can use to pay specific suppliers (Note 24).

19 STATED CAPITAL

	2021	2020	**2021**	2020
	Number	Number	**Rs 000**	Rs 000
Authorised:				
Ordinary shares of Rs 10 each	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid:				
At 1 January and 31 December	**151,180,000**	15,180,000	**151,800**	151,800

20 BORROWINGS

	2021			2020		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
	Rs000	**Rs000**	**Rs000**	Rs000	Rs000	Rs000
Loan	**276,875**	**281,250**	**558,125**	380,625	28,125	408,750
Interest on loan	**1,041**	**-**	**1,041**	654	-	654
	277,916	**281,250**	**559,166**	381,279	28,125	409,404
Bond	**-**	**2,150,000**	**2,150,000**	-	1,700,000	1,700,000
Unamortised transaction cost	**(2,099)**	**(5,226)**	**(7,325)**	(2,301)	(7,326)	(9,627)
Interest on bonds	**11,815**	**-**	**11,815**	8,112	-	8,112
	9,716	**2,144,774**	**2,154,490**	5,811	1,692,674	1,698,485
Total borrowings	**287,632**	**2,426,024**	**2,713,656**	387,090	1,720,799	2,107,889

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20 BORROWINGS (CONTINUED)

The transaction cost incurred on the issue of bonds and the amount recognised under borrowings are as follows:

	2021 Rs 000	2020 Rs 000
At 1 January	**9,627**	5,332
Bond issue transaction costs incurred	**1,173**	7,723
Amortisation	**(3,475)**	(3,428)
At 31 December	**7,325**	9,627

	2021 Rs 000	2020 Rs 000
Secured bank loans		
SBM loan repayable in 8 equal half yearly instalments	**-**	62,500
ABSA loan repayable in 8 equal half yearly instalments	**28,125**	56,250
ABSA loan repayable in 6 equal half yearly instalments	**-**	50,000
ABSA loan repayable in 8 equal half yearly instalments	**150,000**	-
AfrAsia loan repayable in 8 equal yearly instalments	**150,000**	-
MCB short term loan facility	**230,000**	240,000
Repayable within one year	**(276,875)**	(380,625)
Repayable by instalments in the second to tenth year	**281,250**	28,125

The Company's debts and other banking facilities are secured by floating charges on the Company's assets. The interest rate of loans varies between **2.55%-3.60%** (2020: 2.55%-3.35%) and rate of interest applicable on bank overdraft varies between **4.05%-4.10%** (2020: 4.05%-4.10%) during the year ended 31 December 2021. At 31 December 2021, the Mauritius Commercial Bank's Prime Lending rate was **4.10%** (2020: 4.10%), the ABSA Prime Lending rate was **4.80%** (2020: 4.80%) and SBM Prime Lending rate was **4.25%** (2020: 4.25%). The borrowings have been contracted on floating interest rate.
The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of **4.00%** (2020: 4.55%) and are within level 2 of the fair value hierarchy.

	2021 Rs 000	2020 Rs 000
Secured bonds		
MCB 5 years Bond with maturity date on June 2024	**300,000**	300,000
MCB 7 years Bond with maturity date on June 2026	**300,000**	300,000
SBM 5 years Bond with maturity date on June 2024	**200,000**	200,000
SBM 7 years Bond with maturity date on June 2026	**200,000**	200,000
MCB 3 years Bond with maturity date on April 2023	**250,000**	152,200
MCB 5 years Bond with maturity date on April 2025	**250,000**	132,600
MCB 8 years Bond with maturity date on April 2028	**300,000**	182,600
MCB 10 years Bond with maturity date on April 2030	**250,000**	132,600
ABC 5 years Bond with maturity date on April 2025	**50,000**	50,000
ABC 10 years Bond with maturity date on April 2030	**50,000**	50,000
Repayable by instalments in the second to tenth year	**2,150,000**	1,700,000

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20 BORROWINGS (CONTINUED)

The bank bonds facilities are secured by floating charges on the Company's assets and have been contracted at fixed interest rate which range between **3.50%** and **5.15%.**

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2021	2020
	Rs 000	Rs 000
Mauritian rupee	**2,713,656**	2,107,889
	=======	========

21 DEFERRED TAX LIABILITIES

The movement in deferred tax is as follows:

	2021	2020
	Rs 000	Rs 000
At 1 January	**153,757**	143,320
Statement of profit or loss (Note 9(b))	**15,649**	13,091
(Credit)/ charge relating to components of other comprehensive income (note 9(d))	**41,265**	(2,654)
	--------	--------
At 31 December	**210,671**	153,757
	========	========

The movement in deferred tax assets and liabilities is as follows:

	At 1 January 2021 Rs 000	Credited to profit or loss Rs 000	Credited to Other Comprehensive Rs'000	At 31 December 2021 Rs 000
Deferred tax assets				
Provision for loss allowance on trade receivables	**(15,859)**	**(510)**	**-**	**(16,369)**
Provision for post-employment benefit obligations	**(8,647)**	**(210)**	**2,584**	**(6,273)**
Lease liabilities	**(7,063)**	**(2,955)**	**-**	**(10,018)**
	-------	--------	--------	-------
	(31,569)	**(3,675)**	**2,584**	**(32,660)**
	-------	--------	--------	-------
Deferred tax liabilities				
Accelerated capital allowances	**185,326**	**19,324**	**-**	**204,650**
Revaluation of property plant and equipment	**-**	**-**	**38,681**	**38,681**
	-------	--------	--------	-------
	185,326	**19,324**	**38,681**	**243,331**
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Net deferred tax liabilities	**153,757**	**15,649**	**41,265**	**210,671**
	=======	========	========	=======

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

21 DEFERRED TAX LIABILITIES (CONTINUED)

	At 1 January 2020 Rs 000	Credited to profit or loss Rs 000	Credited to Other Comprehensive Rs'000	At 31 December 2020 Rs 000
Deferred tax assets				
Provision for loss allowance on trade receivables	(21,628)	5,769	-	(15,859)
Provision for post-employment benefit obligations	(5,470)	(523)	(2,654)	(8,647)
Lease liabilities	(3,341)	(3,722)	-	(7,063)
	(30,439)	1,524	(2,654)	(31,569)
Deferred tax liabilities				
Accelerated capital allowances	173,759	11,567	-	185,326
	173,759	11,567	-	185,326
Net deferred tax liabilities	143,320	13,091	(2,654)	153,757

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements.

	2021 Rs 000	2020 Rs 000
Statement of financial position obligation for		
Post-employment benefits	**36,899**	50,867
Profit or loss charge included in operating profit		
Defined pension benefit	**12,245**	7,447
Re-measurements for:		
Defined pension benefit	**(15,199)**	15,609

The Company operates defined benefit pension plans. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

	2021 Rs 000	2020 Rs 000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**88,879**	85,566
Fair value of plan assets	**(51,980)**	(34,699)
Deficit of funded plans	**36,899**	50,867
Liability in the statement of financial position	**36,899**	50,867

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (Continued)

The movement in the net defined benefit obligation over the year is as follows:

	Present Value of obligation Rs 000	Fair Value of plan assets Rs 000	Total Rs 000
At 1 January 2021	85,566	(34,699)	50,867
Current service cost	8,217	-	8,217
Interest expense/(income)	2,536	(1,265)	1,271
Past service cost and gains and losses on settlement	2,757	-	2,757
	13,510	(1,265)	12,245
Remeasurements			
- Return on plan asset, excluding amount included in interest income	-	(3,860)	(3,860)
- Loss from change in financial assumptions	(15,932)	-	(15,932)
- Experience loss	4,593	-	4,593
	(11,339)	(3,860)	(15,199)
Exchange differences			
Contributions:			
- Employers	-	(11,014)	(11,014)
Payment from plans:			
- Benefit payments	(1,559)	1,559	-
Transfer in	2,701	(2,701)	-
	1,142	(12,156)	(11,014)
At 31 December 2021	88,879	(51,980)	36,899

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (Continued)

	Present Value of obligation Rs 000	Fair Value of plan assets Rs 000	Total Rs 000
At 1 January 2020	59,371	(27,192)	32,179
Current service cost	5,148	-	5,148
Interest expense/(income)	3,011	(1,509)	1,502
Past service cost and gains and losses on settlement	797	-	797
	8,956	(1,509)	7,447
Remeasurements			
- Return on plan asset, excluding amount included in interest income	-	2,425	2,425
- Loss from change in financial assumptions	10,087	-	10,087
- Experience loss	3,097	-	3,097
	13,184	2,425	15,609
Exchange differences			
Contributions:			
- Employers	-	(4,368)	(4,368)
Payment from plans:			
- Benefit payments	(273)	273	-
Transfer in	4,328	(4,328)	-
	4,055	(8,423)	(4,368)
At 31 December 2020	85,566	(34,699)	50,867

The defined benefit obligations and plan assets are composed as follows:

	2021 Rs 000	2020 Rs 000
Present value of obligations	**88,879**	85,566
Fair value of plan assets	**(51,980)**	(34,699)
Total	**36,899**	50,867

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (Continued)

Emtel Limited contributes to a defined benefit pension plan which is administered by Island Life Assurance Co Ltd. The Company has recognised a net liability of **Rs 18,502,000** as at 31 December 2021 for the plan (2020: Rs 30,819,000).

The Company also participates in a defined contribution (DC) pension plan. Its contributions for DC employees are expensed to the income statement and amounted to **Rs 15,585,000** for the year ending 31 December 2021 (2020: Rs 13,328,000).

In addition, the Company has recognised a net defined benefit liability of **Rs 18,397,000** in its statement of financial position as at 31 December 2021 (2020: Rs 20,048,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the WRA 2019.

Risk exposure

The Company operates a final salary defined benefit pension plan for some of its employees. The plan exposes the Company to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan’s debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas a decrease below the assumed rate will decrease the liability.

The Company had a residual obligation imposed by WRA 2019 on top of its DC plan. It is also particularly exposed to investment under-performance of the DC plan. There has been no plan amendment, curtailment or settlement during the year.

The significant actuarial assumptions were as follows:

	2021	2020
Discount rate	**4.8%**	2.9%
Inflation rate	**2.8%**	0.3%
Salary growth rate	**2.8%**	2.0%
Average retirement age	**63**	63

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (Continued)

	2021	2020
Assume Island Life Assurance annuity rates:		
- Male at Average Retirement Age	**17.3**	12.3
- Female at Average Retirement Age	**21.7**	13.5

The sensitivity of the defined obligation benefit obligation to changes in the weighted principal assumption is:

	Impact of defined benefit obligation		
	Change in assumption %	**2021 Rs 000**	2020 Rs 000
Increase in liability due to decrease in discount rate by	**1**	**26,205**	15,259
Decrease in liability due to increase in discount rate by	**1**	**19,618**	12,635

Future cash flows:

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries and pay benefits out of the Company's cash flow as and when it is due.

	2021	2020
Expected employer contribution for next year	**10,396**	7,433
Weighted average duration of the defined benefit obligation:		
- Pension scheme	**18**	9
- Retirement gratuities / Residual retirement gratuities	**21**	22

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumption would have shown smaller variations in the benefit obligation.

Plan assets are comprised as follows:

	2021			2020		
	Quoted Rs 000	**Unquoted Rs 000**	**Total Rs 000**	Quoted Rs 000	Unquoted Rs 000	Total Rs 000
Local equities	**16,634**	**1,558**	**18,192**	10,063	1,040	11,103
Loan	**3,639**	**10,916**	**14,555**	3,470	9,369	12,839
Overseas bonds and equities	**3,119**	**-**	**3,119**	6,593	-	6,593
Others	**16,114**	**-**	**16,114**	4,164	-	4,164
	39,506	**12,474**	**51,980**	24,290	10,409	34,699

23 ASSET RETIREMENT OBLIGATIONS

The provision is in respect of the dismantling and removal of equipment from leased cell sites at the end of lease periods agreed.

	2021 Rs 000	2020 Rs 000
At 1 January	**73,799**	49,612
Additional provision during the year	**2,757**	1,108
Unwinding of asset retirement obligation (Note 8)	**4,901**	(595)
Change in assumptions	**(12,026)**	24,432
Disposal adjustments	**(194)**	(758)
At 31 December	**69,237**	73,799

The significant assumption used were as follows:

	2021	2020
Inflation rate	**3.88%**	3.37%
Bond Rate:		
5 years	**2.90%**	1.54%
10 years	**4.19%**	1.35%
15 years	**4.40%**	1.74%
20 years	**4.68%**	3.10%

24 TRADE AND OTHER PAYABLES

	2021 Rs 000	2020 Rs 000
Trade payables	**102,485**	113,199
Accruals	**268,780**	232,475
VAT payables	**28,073**	24,833
Payables to related parties (Note 28 (viii))	**24,119**	22,248
Payable to Parent (Note 28 (xi))	**-**	450,000
Amount due to Metiss Consortium (Note 16)	**68,870**	80,329
Other payables	**5,395**	1,206
Deposit roaming and others	**35,863**	33,830
	533,585	958,120

25 DEFERRED REVENUE

	2021 Rs 000	2020 Rs 000
At 1 January	**118,103**	116,163
Net movement on services	**7,031**	1,940
At 31 December	**125,134**	118,103

This represents mainly airtime sold to distributors for which revenue will be recognised once it is purchased and consumed by the end customer.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

26 DIVIDENDS PAID

A total dividend of **Rs 34.00** (2020 – Rs 24.00) per ordinary share aggregating to **Rs 516,120,000** (2020 – Rs 364,320,000) was declared in the year ended 31 December 2021 as follows:

	2021	2020
	Rs 000	Rs 000
At 1 January	**-**	-
Dividend proposed	**516,120**	364,320
Dividend paid	**(516,120)**	(364,320)
At 31 December	**-**	-

27 NET DEBT RECONCILIATION

This section sets out an analysis of the net debt and the movements in net debt for each of the periods presented.

	2021	2020
	Rs 000	Rs 000
Cash and cash equivalents	**30,453**	183,635
Interest on bonds - repayable within one year	**(11,815)**	(8,112)
Bonds - repayable after more than one year	**(2,150,000)**	(1,700,000)
Interest on borrowings - repayable within one year	**(1,041)**	(654)
Borrowings – repayable within one year (including overdraft)	**(276,875)**	(380,625)
Borrowings – repayable after one year	**(281,250)**	(28,125)
Net debt	**(2,690,528)**	(1,933,881)

	2021	2020
	Rs 000	Rs 000
Cash and cash equivalents	**30,453**	183,635
Gross debt – fixed interest rates	**(2,391,815)**	(1,948,112)
Gross debt – variable interest rates	**(329,166)**	(169,404)
Net debt	**(2,690,528)**	(1,933,881)

	Other assets	**Liabilities from financing activities**	
	Cash / bank overdraft	**Borrowings due within 1 year**	**Borrowings due after 1 year**
	Rs 000	**Rs 000**	**Rs 000**
Net debt as at 1 January 2020	81,445	(442,566)	(1,171,102)
Cash flows	107,033	60,000	(559,375)
Foreign exchange adjustments	(4,843)	-	-
Interest expense	-	(12,722)	(71,246)
Interest paid	-	14,009	65,486
Net debt as at 31 December 2020	**183,635**	**(381,279)**	**(1,736,237)**
Cash flows	**(151,644)**	**103,750**	**(703,125)**
Foreign exchange adjustments	**(1,538)**	**-**	**-**
Interest expense	-	**(10,129)**	**(98,420)**
Interest paid	-	**9,742**	**94,717**
Net debt as at 31 December 2021	**30,453**	**(277,916)**	**(2,443,065)**

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28 RELATED PARTY TRANSACTIONS

As at 31 December 2021, the Company's issued share capital is owned by Currimjee Jeewanjee and Company Limited Group ("Currimjee Group") at 75% - 1 share and Indian Continent Investment Ltd at 25% + 1 share (2020: Currimjee Jeewanjee and Company Limited Group ("Currimjee Group") at 75% - 1 share and Indian Continent Investment Ltd at 25% + 1 share).

The following transactions were carried out with related parties:-

	2021 Rs 000	2020 Rs 000
(i) Sales of services		
Immediate parent	**7,519**	6,495
Fellow subsidiaries	**129,774**	61,222
Other related parties	**6,405**	7,649
	143,698	75,366
(ii) Dividend income		
Subsidiaries (Note 4)	**46,800**	70,920
(iii) Income from Management fee		
Subsidiaries (Note 4)	**10,000**	8,333
(iv) Income from sublease		
Subsidiary	**3,717**	3,845

The Company subleases part of its office space in certain showroom to its subsidiary and the income derived is reported under income from sublease.

(v) Interest income		
Immediate parent	**2,243**	3,135

(vi) Purchases of goods and services

	2021 Rs 000	2020 Rs 000
Purchases of goods included in cost of operations and administrative expenses:		
Other related parties	**6,343**	6,945
Purchases of services included in cost of operations and administrative expenses:		
Immediate parent	**2,654**	2,920
Fellow subsidiaries	**47,381**	41,020
Other related parties	**27,410**	19,203
	77,445	63,143
Shareholders (Note 6)	**75,088**	74,190
Payment for rentals:		
Parent	**2,543**	2,489
Fellow subsidiaries	**1,641**	1,082
Other related parties	**1,558**	1,365
	5,742	4,936

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Key management compensation

Key management includes directors and the Chief Executive Officer. The compensation paid to key management for employee services is shown below:

	2021	2020
	Rs 000	Rs 000
Salaries and other short term benefits	**12,940**	**16,510**
Post-employment benefits	**3,318**	**296**
	16,258	**16,806**

(viii) Year-end balances arising from sales/purchases of goods and services

	2021	2020
	Rs 000	Rs 000
Receivables from related parties:		
Immediate parent	**329**	1,394
Fellow subsidiaries	**17,218**	24,130
Other related parties	**453**	864
Total (Note 16)	**18,000**	26,388
Payables to related parties:		
Immediate parent	**20,510**	19,461
Fellow subsidiaries	**3,542**	2,695
Other related parties	**67**	92
Total (Note 24)	**24,119**	22,248

The amounts due to/from related parties are unsecured, interest free and repayable on demand. These amounts are not subject to any guarantee.

	2021	2020
	Rs 000	Rs 000
(ix) Year-end balances for advances		
Advances to related parties:		
Subsidiary (Note 16)	**249,552**	–

The advance has been issued to the subsidiary at the prevailing market rate and refundable within one year or on demand.

	2021	2020
	Rs 000	Rs 000
(x) Dividend receivables		
Receivables from subsidiaries:		
Subsidiaries (Note 16)	**-**	**70,920**

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(xi) Acquisition of subsidiaries

Emtel and Currimjee Jeewanjee and Company signed a share purchase agreement on 23 December 2019 for the acquisition of 202,500 shares of Emvision representing 90% of its share capital. The acquisition was completed in March 2020 for a purchase consideration of Rs 1.15 billion. The company has already paid Rs 700 million at completion and the final instalment was paid during the year under review.

	2021	2020
	Rs 000	Rs 000
Payable to parent:		
Parent (Note 24)	–	450,000
	========	========

29 CASH GENERATED FROM OPERATIONS

	2021	2020
	Rs 000	Rs 000
Profit before income tax	**509,310**	651,293
Adjustments for:		
Depreciation (Note 10)	**532,350**	434,189
Depreciation of Right-of-use assets (Note 11)	**142,535**	136,343
Other PPE adjustments (Note 10)	**1,622**	-
Amortisation (Note 12)	**45,463**	61,856
Profit on disposal of property, plant and equipment (Note 5)	**(4,041)**	(2,689)
Loss on written off of property,plant and equipment and intangible assets (Note 5)	**944**	4,179
Derecognition of lease liabilities	**(1,882)**	(181)
Increase in provision for loss allowance on trade receivables (Note 16)	**14,495**	18,498
Unwinding of asset retirement obligation (Note 23)	**4,901**	(595)
Interest income (Note 8)	**(2,554)**	(3,136)
Interest expense (Note 8)	**108,594**	84,168
Interest and finance charges for lease liabilities (Note 8)	**38,038**	39,152
Amortisation of bond issue transaction costs (Note 8)	**3,475**	3,428
Foreign exchange losses	**1,317**	9,354
Increase in provision for post-employment benefits expense	**12,245**	7,447
Dividend Income	**(46,800)**	(70,920)
	1,360,012	1,372,386
Decrease / (Increase) in inventories	**27,567**	(4,911)
(Increase) / Decrease in trade and other receivables	**(301,149)**	58,860
Increase / (Decrease) in trade and other payables	**88,831**	(92,325)
Increase / (Decrease) in deferred revenue	**7,031**	1,940
Increase / (Decrease) in provisions	**772**	(2,443)
Cash generated from operations	**1,183,064**	1,333,507

30 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounted to approximately **Rs 174 million** (2020: Rs 287 million).

31 IMMEDIATE AND ULTIMATE PARENTS

The directors consider Currimjee Jeewanjee and Company Limited as the Company's immediate parent and Currimjee Limited (formerly known as Fakhary Ltd) as the Company's ultimate parent. These companies are incorporated in Mauritius. The registered address of the Company's ultimate parent, Currimjee Limited, is at 38, Royal Street, Port Louis.

32 GUARANTEES

Bank guarantees

There were contingent liabilities in respect of the Company's bank guarantees amounting to **Rs 78,694,500** (2020 – Rs 37,212,413) in the ordinary course of business from which it is anticipated that no material liability will arise.

33 CONTINGENT ASSETS AND LIABILITIES

Emtel v/s ICTA, Mauritius Telecom (MT), Cellplus Mobile Communications and Ministry of Telecommunications

Emtel has lodged a claim for damages in excess of Rs 1 billion (plus interest and costs) against the ICTA, MT, Cellplus and the Ministry of Telecommunications for losses incurred as a result of inter alia failure by the authorities to ensure a level of playing field and unfair competitive practices. The matter was heard over the course of six weeks in May and June 2016. On 9 and 10 August 2017, the Supreme Court handed down its judgment in favour of Emtel awarding it a total amount of Rs 554,139,900 with interest at the legal rate and costs to be paid by all Defendants except the Ministry of Telecommunications. Each of the ICTA, MT and Cellplus have appealed against the judgment to the Court of Civil Appeal. Those three appeals were heard in November 2019, February 2020 and March 2020. On 17 November 2021, the Court of Civil Appeal reversed the judgment of the trial court and dismissed Emtel's claim for damages in two separate judgments. Emtel has appealed against those two appeal judgments to the Judicial Committee of the Privy Council.

Emtel v/s Data Communications Ltd (DCL)

Emtel has sued DCL for unpaid services supplied by Emtel. In the course of the case, DCL has counter claimed the sum of Euros 1.5 million from Emtel for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel. The case is not yet in shape for trial as DCL was subject to both an insolvency process and a receivership. In February 2021, the Court was informed that DCL is no more in receivership. An extension of time was requested to obtain the permission of the Court to proceed against DCL which is in liquidation. The matter is therefore still at pleadings stage. At this point the Board of Directors does not believe that Emtel will be required by the Court to settle the amount claimed by DCL

34 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

Change in accounting policy

The Company previously accounted for freehold land and buildings using the cost model under IAS 16 'Property, Plant and Equipment'. The telecommunication industry is a capital intensive and fiercely competitive where the Company has to continuously invest in property, plant and equipment through internally generated cash and borrowings. These borrowings are secured by floating charges on the Company's assets and the Company has to comply with its debt covenant. As at 1 January 2021, the directors reviewed the accounting policy for the subsequent measurement of freehold land and buildings and was of the view that changing the measurement of freehold land and buildings from the cost model to the revaluation model will provide reliable and more relevant information to the users of the financial statements. IAS 8 'Accounting policies, changes in accounting estimates and errors', specifically allows such change in accounting policy to be accounted for prospectively. As such, the prior years figures have not been restated.

Correction of prior period errors

a) The Company previously reported current tax receivable as part of trade and other receivables. Under IAS 1 'Presentation of financial statements', current tax receivable should be disclosed as a separate line item on the face of the statement of financial position. Given the nature and magnitude of the amount, this error has been corrected. Refer to Note 17 for details on the nature of the balance.

b) In year 2020, the Company disclosed cash outflows from acquisition for investment in subsidiary of Rs 700 million under financing activities. Under IAS 7 'Statement of cash flows', cash flows must be classified and reported according to the activity which gave rise to them. Cash fows for the acquisition and disposal of investments arise from investing activities. As such, this error has been corrected by reclassifying the cash out flows from financing activities to investing activities and the prior year has been adjusted accordingly.

c) The Company disclosed cash outflows for solidarity levy on revenue as part of taxation cash flows. Solidarity levy on revenue does not fall in the scope of IAS 12 "Income taxes" and as such, any payment of solidarity levy on revenue does not form part of taxation cash flows. This has been corrected and the prior year restated accordingly to exclude solidarity levy on revenue from taxation cash flows.

d) The Company previously reported restricted cash balance separatey from cash and cash equivalents on the face of the statement of financial position. The restricted cash meets the definition of "cash and cash equivalents" as defined in IAS 7 'Statement of cash flows' since the cash is available to settle short term liabilities arising from services obtained from a specific supplier. This error has been corrected by reclassifying restricted cash as part of cash and cash equivalents on the statement of financial position.

e) As per IAS 16, 'Property, plant and equipment', assets of a similar nature and use in an entity's operations are grouped into one class. The Company previously grouped assets relating to technical equipment, office equipment and furniture and fittings under land and buildings. This has been corrected by reclassifying these assets from land & buildings amounting to Rs 96 million to their respective classes. The resulting impact on the depreciation were not material to restate the prior year and the adjustment on depreciation has been corrected in the current year.

EMTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

34 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

f) The Company previously reported deferred revenue under trade and other payables. Deferred revenue meets the definition of a contract liability in terms of IFRS 15, however does not need to be disclosed separately and a voluntary change in disclosure has been brought about to provide more insight and relevant information to the users of the financial statements. This has been corrected and the prior year restated accordingly to reclassify deferred revenue from trade and other payables and shown separately on the statement of financial position.

g) The Company previously reported interest paid on leases under lease payment in the cash flow statement. As per IAS 7, the interest payment should be disclosed in the cash flow statement under net cash from operating activities. This has been corrected and the prior year restated accordingly to reclassify interest payment from financing activities and included in interest payment.

The tables below summarise the impact of the adjustments:

	01 January 2020		
	As previously stated Rs000	**Adjustments Rs000**	**As restated Rs000**
Statement of financial position (extract)			
Trade and other receivables (a)	457,546	(80,382)	377,164
Current tax receivables (a)	-	80,382	80,382
Restricted cash (d)	138,226	(138,226)	-
Cash at bank and in hand (d)	81,445	(81,445)	-
Cash and cash equivalents (d)	-	219,671	219,671
Trade and other payables (f)	809,482	(116,163)	693,319
Deferred revenue (f)	-	116,163	116,163

	31 December 2020		
	As previously stated Rs000	**Adjustments Rs000**	**As restated Rs000**
Statement of financial position (extract)			
Trade and other receivables (a)	447,195	(80,382)	366,813
Current tax receivables (a)	-	80,382	80,382
Restricted cash (d)	80,329	(80,329)	-
Cash at bank and in hand (d)	183,632	(183,635)	-
Cash and cash equivalents (d)	-	263,964	263,964
Trade and other payables (f)	1,076,223	(118,103)	958,120
Deferred revenue (f)	-	118,103	118,103

34 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS

	31 December 2020		
	As previously stated Rs000	**Adjustments Rs000**	**As restated Rs000**
Impact on cash flows statements			
Solidarity levy (c)	46,552	(46,552)	-
Decrease in provisions (c)	-	(2,443)	(2,443)
Decrease in trade and other payables (f)	(90,385)	(1,940)	(92,325)
Decrease in deferred revenue (f)	-	1,940	1,940
Taxation paid (c)	(128,936)	48,995	(79,941)
Interest paid (g)	(79,695)	(39,152)	(118,847)
Cash flow from investing activities			
Payment for Investment in subsidiary (b)	-	700,000	700,000
Cash flow from financing activities			
Investment in subsidiary (b)	700,000	(700,000)	-
Lease payment (g)	(153,421)	39,152	(114,269)

35 EVENTS AFTER THE REPORTING PERIOD

The Company has advanced one of its subsidiary an amount of Rs258m at the current market rate and the principle has been fully repaid on 28 February 2022.

There are no other material events after the reporting period which should require disclosure of adjustments to the financial statements for the year ended 31 December 2021.

36 REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company's registered office is 38, Royal Street, Port Louis and its principal place of business is 10, Ebène CyberCity, Ebène.

37 INCORPORATION

The Company is incorporated as a private company with limited liability and is domiciled in the Republic of Mauritius.